VOL 14 No 8 AUGUST 1984 BIND SHELF RECD NOV 84

SURVEY of Current Affairs

Government and Administration

Juries Disqualification Act 287
Data Protection Act: Function of Registrar 287
Recent Legislation 288
Shorter Note
Political Activities of Civil Servants 290

External Affairs and Defence

Hong Kong 291
British-Argentine Relations 293
European Community 294
Britain and the Security of Small States 295
Overseas Aid 296
Commonwealth Education Conference 304
Shorter Notes
British Aid for Drought Relief in Africa 304; British Council 305

Economic and Scientific Affairs

Privatisation 306
Manufacturing Industry 308
Information Technology 310
Trade Union Act 1984 312
Road Passenger Transport Services 313
Airline Competition Policy 315
Building Societies 316
Investor Protection 318
Shorter Notes
Small Firms and Job Creation 320; INMOS 320; Industrial Assistance 321; Welsh Development Agency Annual Report 321; Railway Electrification 321; Remote Sensing and Digital Mapping 322

Social and Cultural Affairs

Warnock Report on Human Fertilisation and Embryology 323
Pension Schemes: New Proposals 325
Youth Service Advisory Council 325
Race Relations 326
Nature Conservation 329
Video Recordings Act 331
New Government Policy for the Film Industry 332
Shorter Notes
Records of Achievement for Secondary School Pupils 333;
Care in the Community 333

Documentation 335

UNIVERSITY OF CINCINNATI
NOV 08 1984
LIBRARY

DA
10
.S9

Prepared for the Foreign and Commonwealth Office by the Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscription including postage and index £21

The *Survey of Current Affairs* is produced primarily for use overseas, but in response to requests has also been made available in Britain. Subscription and distribution inquiries should be addressed to Her Majesty's Stationery Office, P.O. Box 569, London SE1 9NH, and editorial inquiries to Reference Services, Publications Division, Central Office of Information, Hercules Road, Westminster Bridge Road, London SE1 7DU. Although the material is Crown Copyright, it may be reproduced without special permission.
Other documents produced by Reference Services, if not on sale through Her Majesty's Stationery Office, may be obtained direct from Distribution Unit (Overseas), Publications Division, Central Office of Information, at the above address on payment of a small charge.

CORRECTION

Vol 14, No 7, July 1984
Page 256, Column 2
Lines 9 and 10 should read:
under the terms of the Lomé Convention (see pp 331-2, 1983) which all the Commonwealth Carib-

Juries Disqualification Act

The law relating to the disqualification for jury service of those who have criminal records has been extended and updated by the Juries Disqualification Act 1984.

The Juries Disqualification Bill, sponsored by Mr John Watson, Conservative MP for Skipton, received the Royal Assent on 12 July. Under previous criteria anyone who had served any part of a custodial sentence of between three months and five years was disqualified to serve. Under the new criteria those who have served any part of a custodial sentence of less than three months and those receiving a suspended sentence or made subject to a community service order will also be disqualified to serve. In all these cases the period of disqualification will be for ten years.

The Act also extends disqualification to those who have been placed on probation, but in these cases the disqualification will be for five years. The existing disqualification for life of persons sentenced to life imprisonment or for a term of five years or more remains unaffected.

The Act applies to any person who has at any time been sentenced in the United Kingdom, the Channel Islands or the Isle of Man.

Welcoming the new Act the Home Secretary, Mr Leon Brittan, said that it would also help to respond to the problem of 'jury nobbling' (attempts to influence a juror's decision by bribe or threat) since such attempts might be directed particularly towards people with previous criminal convictions. The Government did not want to hinder the rehabilitation of offenders who had served their sentence and sought to put their past behind them. But public confidence in the jury system demanded that the Government went as far as it reasonably could to exclude people who might be unduly influenced by their previous experience. The new Act therefore helped to ensure that the integrity of the British jury system was maintained.

Data Protection Act: Function of Registrar

New measures to protect individuals against potential misuse of personal information held about them on computers received statutory backing when the Data Protection Bill (see pp 44–7) was given the Royal Assent on 12 July. The first step towards implementing the scheme established by the Act is the appointment of the Data Protection Registrar.

The Data Protection Registrar is to be Mr Eric Howe, Deputy Director of the National Computing Centre, who will take office in September. It will be his job to establish the public register of data users and computer bureaux which will enable members of the public to find out who processes personal data automatically and the use which they make of the data. The Registrar will also be responsible for ensuring that data users and computer bureaux meet their obligations under the Act and, in particular, that the eight data protection principles are complied with.[1] He will act as 'ombudsman' for data subjects and will investigate complaints from individuals who believe that data relating to them are being held in breach of the principles. He will also be responsible for encouraging representative groups of data users to draw up codes of good practice. The registration scheme will begin on a day to be appointed by the Home Secretary (probably in 1985) after which data users and computer bureaux will have six months to apply for registration, describing the sort of data which they hold, the purposes for which they hold it, their sources and the persons to whom they disclose data.

At the end of that period it will be an offence for a person to process personal data automatically without being registered (unless the data are exempt under the Act) or to operate outside the terms of their register entry. Unregistered users and those breaching their register entries will face the prospect of unlimited fines.

Data users will have two years from the start of the registration system within which to make the necessary arrangements to ensure that they are able to comply with the data protection principles. A user who fails to comply with the

[1]The principles are that: the information should be obtained and processed lawfully; it should be held for a specified, legitimate purpose; it should not be used or disclosed in a way incompatible with that purpose; it should be adequate and relevant but not excessive; it should be accurate and up to date; it should be kept no longer than necessary; people should have access to information held about themselves and should be entitled to its correction or erasure where the legal provisions safeguarding the data have not been complied with; and there must be security measures against unauthorised access, alteration or dissemination, accidental loss and accidental or unauthorised destruction of data.

principles may be served with an enforcement notice by the Registrar which will require him to take certain steps to ensure conformity with the principles. In exceptional circumstances the Registrar will be able to remove data users from the register altogether if they have breached any of the principles and he is satisfied that there is no other way of ensuring compliance. Users will, however, have a right of appeal against the decisions of the Registrar to a specially constituted Data Protection Tribunal to be set up under the Act.

From the end of the two-year transitional period data subjects (that is, people about whom personal information is held on computers) will be entitled to ask data users for a copy of any data held about them. Unless one of the limited exemptions from the subject access provisions applies – for example, data held for law enforcement or revenue purposes – data users will have to respond to a request for access within 40 days, giving the subject a copy of all the information held and an explanation of any codes which may be used. If a subject thinks that he has not been given all the information to which he is entitled, he may complain to the Registrar or to a court; in either case an order may be made requiring the user to grant access.

Recent Legislation

The public Acts of Parliament passed between the end of May and 1 August, when the summer adjournment began, are listed below. Ten Acts were introduced by private members: these are indicated by asterisks.

Agricultural Holdings Act 1984. Amends the law concerning agricultural tenancies. Royal Assent: 12.7.84. Ch 41, ISBN 0 10 544184 8, HMSO, £4·50.

**Agriculture (Amendment) Act 1984*. Among other things, enables grants fulfilling guarantees of bank loans to be made available to a wider range of co-operative marketing businesses. Royal Assent: 24.5.84. Ch 20, ISBN 0 10 542084 0, HMSO, 35p.

**Anatomy Act 1984*. Makes provision for the use of bodies of deceased persons for anatomical examination and for their custody and disposal. Royal Assent: 24.5.84. Ch 14, ISBN 0 10 541484 0, HMSO, £2·25.

Animal Health and Welfare Act 1984. Amends legislation concerning the prevention of disease among animals; controls the artificial breeding of livestock, and makes changes in the Medicines Act 1968 regarding feeding stuffs and veterinary drugs. Royal Assent: 12.7.84. Ch 40, ISBN 0 10 544084 1, HMSO, £2·70.

Appropriation Act 1984. Prescribes how expenditure is appropriated in order to finance specific public services. Royal Assent: 26.7.84. Ch 44, ISBN 0 10 544484 7, HMSO, £5·10.

**Betting, Gaming and Lotteries (Amendment) (No 2) Act 1984*. Amends the provision of the Betting, Gaming and Lotteries Act 1963 in relation to the conduct and advertisement of licensed betting offices and provides for the alteration of fees payable under that Act. Royal Assent: 26.6.84. Ch 25, ISBN 0 10 542584 2, HMSO, 75p.

Cable and Broadcasting Act 1984 (see pp 183-6). Amendments were made during the passage of this Bill to extend the initial period for which a cable operator will be licensed from 12 to 15 years; and to provide protection against the theft of cable and satellite television services by creating a new offence of dishonestly receiving these services with intent to avoid payment. Royal Assent: 26.7.84. Ch 46, ISBN 0 10 544684 X, HMSO, £5·55.

Capital Transfer Tax Act 1984. Consolidates the provisions of Part III of the Finance Act 1975 and other enactments relating to capital transfer tax. Royal Assent: 31.7.84. Ch 51.[1]

**Child Abduction Act 1984*. Makes it a criminal offence for a parent or guardian to take or send a child under the age of sixteen out of the country without the appropriate consent. Royal Assent: 12.7.84. Ch 37, ISBN 0 10 543784 0, HMSO, £1·75.

County Courts Act 1984. Consolidates certain enactments relating to county courts. Royal Assent: 26.6.84. Ch 28, ISBN 0 10 542884 1, HMSO, £6·40.

**Cycle Tracks Act 1984*. Makes provisions to increase the safety of cycle tracks and adjacent footpaths, and to simplify the procedure for converting footpaths to cycle tracks. Royal Assent: 12.7.84. Ch 38, ISBN 0 10 543884 7, HMSO, £1·75.

Data Protection Act 1984 (see pp 44-7 and 287). Royal Assent: 12.7.84. Ch 35, ISBN 0 10 543584 8, HMSO, £4.

Dentists Act 1984. Consolidates the law relating to the General Dental Council and to the training, registration and disciplining of dentists and dental auxiliaries. Royal Assent: 26.6.84. Ch 24, ISBN 0 10 542484 6, HMSO, £5·10.

Finance Act 1984 (see pp 121-7). Royal Assent: 26.7.84. Ch 43, ISBN 0 10 544384 0, HMSO, £10·65.

Food Act 1984. Consolidates the provisions of the Food and Drugs Acts 1955 to 1982, the Sugar Act 1956, the Food and Drugs (Milk) Act 1970 and sections of the European Communities Act

[1]Publication details of this Act were not available at the time of going to press.

1972, the Local Government Act 1972 and the Local Government (Miscellaneous Provisions) Act 1982. Royal Assent: 26.6.84. Ch 30, ISBN 0 10 543084 6, HMSO, £6·90.

Foreign Limitation Periods Act 1984. Provides for any law relating to the limitation of actions (that is, the fixed period of time in which an action is maintainable) to be treated as a matter of substance rather than as a matter of procedure. Royal Assent: 24.5.84. Ch 16, ISBN 0 10 541684 3, HMSO, £1·30.

Fosdyke Bridge Act 1984. Repeals certain provisions of the Fosdyke Bridge Transfer Act 1870. Royal Assent: 24.5.84. Ch 17, ISBN 0 10 541784 X, HMSO, 35p.

Health and Social Security Act 1984 (see pp 31-2). Royal Assent: 26.7.84. Ch 48, ISBN 0 10 544844 2, HMSO, £5·10.

Housing and Building Control Act 1984 (see pp 284-5, 1983). Royal Assent: 26.6.84. Ch 29, ISBN 0 10 542984 8, HMSO, £6·40.

Housing Defects Act 1984. Provides financial assistance to certain home-owners in England, Wales and Scotland who have bought from public authorities homes which have subsequently proved defective. Royal Assent: 31.7.84. Ch 50.[1]

Inshore Fishing (Scotland) Act 1984. Makes fresh provision for Scotland over the regulation of inshore sea fishing and related matters. Royal Assent: 26.6.84. Ch 26, ISBN 0 10 542684 9, HMSO, £1·75.

**Juries (Disqualification) Act 1984* (see p 287). Royal Assent: 12.7.84. Ch 34, ISBN 0 10 543484 1, HMSO, 35p.

**Law Reform (Husband and Wife) (Scotland) Act 1984*. Provides, among other things, for the abolition of actions for breach of promise of marriage. Royal Assent: 24.5.84. Ch 15, ISBN 0 10 541584 7, HMSO, £1·30.

Local Government (Interim Provisions) Act 1984 (see p 247). Royal Assent: 31.7.84. Ch 53, ISBN 0 10 545384 6, HMSO, £1·75.

London Regional Transport Act 1984 (see pp 22-4). Royal Assent: 26.6.84. Ch 32, ISBN 0 10 543284 9, HMSO, £6·90.

Matrimonial and Family Proceedings Act 1984 (see pp 103-4). Royal Assent: 12.7.84. Ch 42, ISBN 0 10 544284 4, HMSO, £4.

Mental Health (Scotland) Act 1984. Consolidates the Mental Health (Scotland) Act 1960. Royal Assent: 12.7.84. Ch 36, ISBN 0 10 543684 4, HMSO, £6·90.

[1]Publication details of this Act were not available at the time of going to press.

Parliamentary Pensions Etc Act 1984. Makes further provision for the contributory pension schemes for members of the House of Commons and for certain ministerial and other office holders; increases the amount that may be appropriated under the House of Commons Members' Fund Act 1948 for the alleviation of hardship; and provides for payments, in certain circumstances, to people who have ceased to hold ministerial and other offices. Royal Assent: 31.7.84. Ch 52.[1]

**Prescription and Limitation (Scotland) Act 1984*. Amends the law relating to time limits for bringing legal actions. Royal Assent: 26.7.84. Ch 45, ISBN 0 10 544584 3, HMSO, £1·75.

Public Health (Control of Disease) Act 1984. Consolidates certain enactments relating to the control of disease and to the establishment and functions of port health authorities, with amendments to give effect to recommendations of the Law Commission. Royal Assent: 26.6.84. Ch 22, ISBN 0 10 542284 3, HMSO, £4·50.

Rates Act 1984 (see pp 56-7). Royal Assent: 26.6.84. Ch 33, ISBN 0 10 543384 5, HMSO, £3·15.

Rating and Valuation (Amendment) (Scotland) Act 1984. Amends the law of Scotland with regard to rating, valuation and local government finance. Royal Assent: 26.6.84. Ch 31, ISBN 0 10 543184 2, HMSO, £3·15.

Registered Homes Act 1984. Consolidates certain enactments relating to residential care homes and nursing homes and registered homes tribunals, with amendments to give effect to recommendations of the Law Commission. Royal Assent: 26.6.84. Ch 23, ISBN 0 10 542384 X, HMSO, £3·60.

Repatriation of Prisoners Act 1984. Facilitates the transfer between Britain and other places of people detained under the criminal law in prisons, hospitals or other institutions. Royal Assent: 26.7.84. Ch 47, ISBN 0 10 544784 6, HMSO, £2·25.

Road Traffic Regulation Act 1984. Consolidates the Road Traffic Regulation Act 1967 and certain related enactments with amendments to give effect to the recommendations of the Law Commission and the Scottish Law Commission. Royal Assent: 26.6.84. Ch 27.[1]

Somerset House Act 1984. Confers leasing powers on the Crown in respect of the Fine Rooms and other parts of Somerset House with a view to their use for artistic, cultural or other purposes. Royal Assent: 26.6.84. Ch 21, ISBN 0 10 542184 7, HMSO, 35p.

Tenants' Rights Etc (Scotland) Amendment Act 1984. Amends certain provisions of the Tenants' Rights Etc (Scotland) Act 1980 (see pp 58-9,

[1]Publication details of these Acts were not available at the time of going to press.

1980) relating to the rights, including to the right to buy their own home, of tenants of housing owned by local authorities and certain other bodies in Scotland. Royal Assent: 24.5.84. Ch 18, ISBN 0 10 541884 6, HMSO, £1·30.

**Trade Marks (Amendment) Act 1984*. Amends the Trade Marks Act 1938 to allow for registration of service marks. Royal Assent: 24.5.84. Ch 19, ISBN 0 10 541984 2, HMSO, £2·25.

Trade Union Act 1984 (see pp 436-8, 1983 and p 312). Royal Assent: 26.7.84. Ch 49, ISBN 0 10 544984 9, HMSO, £3·15.

**Video Recordings Act 1984* (see p 331). Royal Assent: 12.7.84. Ch 39, ISBN 0 10 543984 3, HMSO, £2·70.

Shorter Note

POLITICAL ACTIVITIES OF CIVIL SERVANTS

Changes have been announced which will liberalise the rules governing the political activities of civil servants. The purpose of these rules is to allow the maximum freedom to individual civil servants consistent with ministerial and public confidence in the political impartiality of the Civil Service. Mr Barney Hayhoe, Minister of State at the Treasury, said on 19 July that agreement had been reached with the Civil Service trade unions on new rules implementing the majority recommendations of the Armitage Committee, which reported in 1978 on the rules governing the active participation of civil servants in national and local politics.

At present the extent to which civil servants may engage in national and local political activity depends on their grade. Staff are placed into three groups: the *politically free* group, consisting of industrial staff and non-office grades, who are free to engage in any political activity including standing for Parliament; the *intermediate* group, comprising mainly typing and clerical grades who may apply for permission to take part in both national and local politics apart from adoption as a parliamentary candidate; and the *politically restricted* group, consisting of all staff above executive officer level, who are debarred from taking part in national politics but are able to apply for permission to take part in local politics.

The four majority recommendations of the Armitage report, all of which have been accepted by the Government, are as follows:

1 Staff in the executive officer, higher executive officer and senior executive officer grades should be transferred from the restricted category to the intermediate, and thus become able to apply for permission to take part in national politics.

2 The decision on whether staff should be given permission to take part in political activities should be based on the type of work they carry out.

3 There should be an extended use of block permission for staff in the intermediate category (that is, a member of a particular grade carrying out a particular type of work should be able to take part in political activities without needing to ask permission), and the Management and Personnel Office should co-ordinate with departments the extended use of block permission and seek to ensure that a consistent standard is applied.

4 An appeal body should be devised for those who feel aggrieved by a departmental decision concerning political activities.

Sources: *Hansard*, Vol 64, No 197, written answers, col 272; and Cabinet Office background note.

EXTERNAL AFFAIRS AND DEFENCE

Hong Kong

Details of progress in the negotiations between Britain and the People's Republic of China on the future of Hong Kong after 1997 were given by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a press conference in Hong Kong on 1 August following talks in China with the Chairman of the Chinese Communist Party, Mr Deng Xiaoping, and other Chinese leaders. The British Government has announced plans to consult the people of Hong Kong on their future and the Hong Kong Government has published proposals for the further development of representative government in the territory.

Hong Kong has been the subject of negotiations between Britain and China which began after a visit to China and Hong Kong by the Prime Minister, Mrs Margaret Thatcher, in September 1982 (see pp 319-21, 1982). Sir Geoffrey Howe had talks with the Chinese leaders during a visit to China in April 1984 (see pp 163-5). The territory is a Crown colony held by Britain as a result of three treaties signed by China during the nineteenth century. The first two are the Treaty of Nanking of 1842 and the Convention of Peking of 1860, under which China ceded to Britain the island of Hong Kong, Kowloon and Stonecutter Island. The third is the Convention of Peking of 1898, under which China leased to Britain for 99 years an area on the mainland known as the New Territories. This lease ends in 1997.[1]

Foreign and Commonwealth Secretary's Press Conference

Pointing out that his talks in Peking (which took place at the end of July) were devoted almost entirely to Hong Kong, Sir Geoffrey said that the purpose of his visit had been 'to review progress in the negotiations, to make real headway on the remaining issues, and above all, to strive for the best possible result for the people of Hong Kong'. Very substantial progress had been made and both countries had agreed the framework and key clauses of an agreement which would preserve Hong Kong's unique economic system and way of life. The agreement and its annexes would be legally binding and there would be satisfactory provision for liaison and consultation after the conclusion of the agreement. In addition the arrangements that would apply to Hong Kong for 50 years after 1997 would be prescribed with sufficient clarity and precision to command the confidence of the people who lived, worked, traded and invested there. This progress would not have been possible unless the two sides had approached their task with statesmanship and determination to succeed. 'The concept of one country, two systems, is a farsighted one and holds tremendous potential for the future of Hong Kong.'

Essential Provisions

Sir Geoffrey said that, although matters of substance still remained to be discussed, Hong Kong could look forward with confidence to an agreement which would contain a number of essential provisions. It would provide for the preservation of all the rights and freedoms enjoyed by the people of Hong Kong, including the right to travel and move freely into and out of the territory and the present freedom of choice of education, with the right to pursue education overseas. The agreement would also preserve the legal system and the body of laws enforced in Hong Kong; the power to make laws would continue to lie with the territory's legislative authorities and judicial power, including the right of final appeal, would be vested in the courts of Hong Kong.

The agreement, continued Sir Geoffrey, would enable Hong Kong to continue to decide its own economic and trade policies, to maintain its status as a free port and a major manufacturing and trading economy, and to preserve the rights of ownership and property and free movement of goods. Hong Kong's status as a separate customs territory would remain, as would its participation in international organisations and trade agreements such as the General Agreement on Tariffs and Trade. In addition Hong Kong would manage its own financial affairs, use its financial resources exclusively for its own purposes, and issue its own certificates of origin for Hong Kong products. The Hong Kong dollar would continue to be convertible and the freedom to move capital into and out of the territory would remain. Hong Kong's system of port management and the free operation of private shipping businesses would also be maintained. The agreement would contain arrangements for continuity of employment in the public service and for the safeguarding of pension rights. Work was still in hand to cover satisfactorily a number of other matters such as land, civil aviation and nationality.

[1]For further information, see COI reference paper *Hong Kong*, No 80/81.

Consultation between Britain and China

Stressing that the British and Chinese Governments were agreed that Britain would remain responsible for the administration of Hong Kong until 1997, Sir Geoffrey added that, against that background, everyone recognised the need for close consultation between Britain and China if Hong Kong were to continue to enjoy the benefit of arrangements essential to its trade and to its economy. Given the need for a smooth transition in 1997, both Governments had therefore agreed to establish a joint group with the functions of liaison, consultation on the implementation of the agreement and exchange of information. The group, which would have no supervisory role and play no part in Hong Kong administration, would meet in Peking, London and Hong Kong and continue working until the year 2000; Hong Kong would be its principal base from 1988.

Sir Geoffrey hoped that an agreement would be initialled before the end of September. In order that the people of Hong Kong could have time to consider it, there would be a period for explanation, discussion and debate. Once an assessment of Hong Kong opinion had been made (see below), the British Parliament would debate the agreement, taking full account of the views expressed in Hong Kong. If Parliament approved, the agreement would be signed before the end of the year.

Consulting the People of Hong Kong

Information about consultation with the people of Hong Kong was given to the House of Commons by Sir Geoffrey Howe on 18 July. Replying to a written parliamentary question (*Hansard*, Vol 64, No 195, col 201), Sir Geoffrey emphasised that Britain attached great importance to assessing their views. The agreement would be published in Hong Kong and Britain. The people of Hong Kong would be invited to comment on it and a special office, set up under the authority of the Governor, would collate and assess all views received on the agreement and produce a final report for publication. A small independent team would also be appointed to monitor the work of the assessment office and it would say in its report (also to be published) whether it was satisfied with the way in which the office had discharged its duties.

Referring to recent discussion about the possibility of using a referendum to assess the acceptability of an agreement, Sir Geoffrey said that this would have very real drawbacks, for, in the special circumstances of Hong Kong, it was important to avoid the risk of provoking factional divisions or disturbances which could themselves leave the result of a referendum open to real doubt. There were also practical objections relating to the low rates of registration in Hong Kong since the introduction of universal franchise in 1982.[1] 'The Government firmly believe that a process of consultation through the well-developed channels familiar to the Hong Kong people would be the best way to provide the full assessment of the range and quality of opinion on this complex issue which I believe Parliament would expect as a basis for its own deliberations.'

[1]At the end of 1983, there were 904,916 registered electors representing about 32 per cent of an estimated potential electorate of 2·8 million.

Further Development of Representative Government

On 18 July the Hong Kong Government published a Green Paper proposing the progressive development of a system of government able to represent authoritatively the views of, and be more accountable to, the people of Hong Kong.[1]

Present System

Under the present constitution the Governor, appointed by the Queen, has ultimate direction of the Government, presides at meetings of the Executive Council and is President of the Legislative Council. The Executive Council advises the Governor on all important policy matters, considers all principal legislation before it is introduced into the Legislative Council, and makes subsidiary legislation under a number of ordinances. It consists of four *ex-officio* members plus ten unofficial and two official members[2] appointed by the Governor on the instructions of the Foreign and Commonwealth Secretary.

The Legislative Council enacts legislation, questions the administration, debates questions of policy, and exercises control of public funds through its finance committee. It consists of the Governor, the Chief Secretary, the Financial Secretary and the Attorney-General plus 29 unofficial and 15 official members appointed by the Governor.

The Urban Council, a statutory body responsible for provision of municipal services as well as cultural and recreational facilities in the urban areas, comprises 30 councillors, half appointed by the Governor and half being elected from district constituencies. The 18 District Boards, set up in 1982, cover the whole of Hong Kong: about a third of their members are official members, a third are appointed unofficial members and the remainder are elected unofficial members. The boards provide a forum for consultation and participation at district level and have a mainly advisory role. All residents aged 21 or over who have been in Hong Kong for seven or more years are eligible to be registered as voters.

Plans to double the number of elected members on the District Boards in 1985 and to set up a new partly elected Regional Council to cover those areas not under the aegis of the Urban Council have recently been announced.

Green Paper Proposals

The Green Papor proposes that arrangements should be introduced to provide for a substantial number of unofficial members of the Legislative Council to be elected indirectly by an electoral college composed of all members of the Urban Council, the new Regional Council and the District Boards, and by specified functional constituencies.

[1]*The Further Development of Representative Government in Hong Kong.* Printed by the Government Printer, Hong Kong. Unpriced.

[2]Officials are members of the administration and the unofficials are outside it.

On the Executive Council, the paper proposes that the majority of its appointed unofficial members should be replaced progressively by members elected by the unofficial members of the Legislative Council from among their number. In due course the Governor would be replaced as President of the Legislative Council by a presiding officer elected by the unofficial members of the Legislative Council from among their own number.

British Government's Views

Answering a written parliamentary question on 18 July (*Hansard*, Vol 64, No 195, col 202), Sir Geoffrey Howe said that the Green Paper proposed to build on existing and well-tried systems 'rather than attempting a more radical approach with its attendant risk during a sensitive period of transition in the life of the territory'. The proposals were 'well designed to enhance the representative status of Hong Kong's central government institutions and to give the Hong Kong people a stronger voice in the administration of the territory in years to come'. The people of Hong Kong would now be putting forward their views, which would be taken into account in a subsequent White Paper.

British-Argentine Relations

Talks between British and Argentine representatives on the normalisation of relations took place in Berne on 18 and 19 July under the chairmanship of a Swiss diplomat. No agreement was reached because of Argentina's insistence on linking this question with that of sovereignty over the Falkland Islands.

In January-March 1982 Britain and Argentina, together with representatives of the Falkland Islanders, held talks on the sovereignty dispute concerning the Falkland Islands, but in April that year Argentina invaded and occupied the Islands and the Falkland Islands Dependencies (see pp 105-6, 1982). In response Britain broke off diplomatic relations with Argentina, sent a naval task force to the South Atlantic and, following the failure of post-invasion peace efforts, repossessed the Islands and the Dependencies in June (see pp 188-9, 1982). Since the break in diplomatic relations Britain's interests in Argentina have been represented by Switzerland and those of Argentina in Britain by Brazil.

Foreign and Commonwealth Secretary's Statement

Reporting to the House of Commons on 20 July (*Hansard*, Vol 64, No 197, cols 639-45) the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, said that Britain was not prepared to discuss with the Argentine Government the question of sovereignty over the Falkland Islands. It was, however, in the interests of Britain and Argentina, as well as of the Falkland Islanders, for both countries to have more normal relations. Britain had therefore sought, in exchanges between the protecting powers over many months, to establish an agreed basis for talks which would achieve this. If such talks were not to founder at the outset on the issue of sovereignty, any arrangements needed to meet the different positions of the two sides on that question. 'Accordingly, the specifically-agreed arrangement on that point was that if the Argentine representatives raised the subject of sovereignty, as they clearly wished to do, the British representatives would make quite clear in reply that we were not prepared to discuss it. Discussion would then move straight on to practical issues of concern to both sides and would continue on those subjects'. This basis had been agreed by the Argentine Government and confirmed by the Swiss Government.

At the opening of the Berne talks, continued Sir Geoffrey, Britain had complied scrupulously with this arrangement. The Argentine representatives had begun by raising the question of sovereignty and Britain, while refusing to talk about it, had suggested discussions on a number of practical issues on which there could be some prospect of agreement, notably the resumption of normal commercial and financial relations, the restoration of the air services agreement between Britain and Argentina and a visit by Argentine next-of-kin to the Falkland Islands. Argentina, however, had then argued that discussion of these practical issues would have to be linked to discussion of a mechanism to address the question of sovereignty, and stated that unless this new condition was met, it was not prepared to continue the talks. 'This', Sir Geoffrey explained, 'was totally at variance with the agreed basis and the talks thus came to an end.'

Answering questions Sir Geoffrey said that the talks had broken down because Argentina had not been prepared to talk about normalisation of relations without a linkage with sovereignty. Argentina had to live with the consequences of the fact that it had used force and invaded the Islands at a time when Britain had been negotiating on that question in good faith. The war and the casualties on both sides had changed attitudes in Britain and in the Falkland Islands.

Argentine View

In a communiqué issued on 19 July the Argentine foreign ministry said that the meetings had taken place with an open agenda, their aim being to exchange views on the questions of the Falkland Islands and other points affecting relations between the two countries. At the very outset Argentina had reaffirmed its 'sovereign rights' over the Falkland Islands, South Georgia and the South Sandwich Islands, and pointed out that if a solution to this question were seriously and responsibly set in motion, remaining differences could be resolved quickly and satisfactorily. Britain, however, had not been prepared to discuss sovereignty and had thereby undermined the spirit in which the invitation to the meeting in Berne was issued and made it pointless to continue the talks.

Background

Since June 1982 the British Government has consistently sought to reduce tension and restore more normal relations between Britain and Argentina. On 22 July 1982 Britain announced the lifting of the 200-mile total exclusion zone around the Islands established on 30 April (see p 108, 1982) and its replacement by a protection zone of 150 miles. In September 1982 agreement was reached between Britain and Argentina on the reciprocal lifting of the financial restrictions imposed at the time of the conflict: Britain has implemented this in full and Argentina only partially.

Between October 1982 and July 1983 the European Community, fully supported by Britain, approached the Argentine Government on five occasions to suggest discussions on the full normalisation of economic and commercial relations between the Community and Argentina. The Argentines insisted that such talks could only take place if Britain agreed to comply with United Nations General Assembly resolutions calling for negotiations about sovereignty over the Falkland Islands (see pp 349-51, 1982 and pp 426-8, 1983).

Since July 1982 the British Government has made it clear to Argentina that it would be prepared to facilitate the return of dead Argentine soldiers from the Islands. It also remains prepared in principle to accept a suitably prepared visit by a *bona fide* group of relatives under arrangements made and supervised by the International Committee of the Red Cross.

Free elections took place in Argentina on 30 October 1983 and on the next day the Foreign and Commonwealth Office issued a statement welcoming the restoration of democracy and expressing the hope that the new Government would be more inclined to respond positively to Britain's ideas designed to secure normalisation of relations. On the occasion of the inauguration of President Raul Alfonsín on 10 December 1983, the Prime Minister, Mrs Margaret Thatcher, sent a message saying that in spite of the differences between the two countries all could take pleasure in the restoration of democracy to Argentina.

On 26 January 1984 Britain's specific ideas on the restoration of bilateral relations were put to Argentina via the Swiss protecting power. On 1 February the authorities in Buenos Aires issued a communiqué calling for the resumption of talks between Britain and Argentina at the United Nations, declaring that the necessary conditions for such talks would be the lifting of the 'exclusion' zone around the Islands and a guarantee that Britain would stop fortifying the Islands, and suggesting that the presence of United Nations peacekeeping forces was a possible means of providing such a guarantee. The communiqué concluded that this would lead to a *de jure* cessation of hostilities and allow the normalisation of commercial, economic and diplomatic relations.

Responding on 2 February the Foreign and Commonwealth Office said that the administration and protection of the Falkland Islands were a British responsibility and that there was therefore no role for the United Nations in the protection of the Islands. The statement added: 'The need is to re-establish mutual confidence between Britain and Argentina. The correct way of setting about this is to seek to improve bilateral relations through the protecting powers, and to move from that to try to establish a normal pattern of business between the two countries'. Referring to the protection zone, the statement pointed out that Britain did not envisage keeping the zone indefinitely, but that it could not be rushed into lifting it. 'We need a formal declaration by Argentina that hostilities are at an end and to be fully satisfied that Argentina renounces the future use of force'.

On 17 February Britain received a reply to its January message and further exchanges of Notes took place culminating in the meeting between British and Argentine representatives in Berne. At every stage Britain has made clear its refusal to enter into negotiations about sovereignty.

European Community

Britain has made statements on two developments in European Community affairs: one deplores the decision of the European Parliament to block payment of 1983 budgetary refunds agreed by the member states, and the other, concerning the Community's decision on the introduction of common format passports, announces that British passports conforming to the format will be issued in 1987.

1983 Refund

Reporting to the House of Commons on 30 July (*Hansard*, Vol 65, No 203, cols 25-31), Mr Malcolm Rifkind, Minister of State at the Foreign and Commonwealth Office, said that Britain's £440 million refund for 1983 had been agreed by the European Council at its Stuttgart meeting over a year ago (see pp 226-8, 1983). Before it could be paid, member states had to approve the necessary regulations and the European Parliament had to agree to transfer the sums concerned from the reserve chapter of the budget. After the Stuttgart meeting, France and Italy had made it clear that they would only approve the regulations in the context of overall agreement in the negotiations on budgetary imbalances.

Mr Rifkind pointed out that at the recent Fontainebleau meeting of the European Council (see p 248), France and Italy had agreed to the payment of the 1983 refund and that on 12 July the European Parliament's Budgets Committee had approved the necessary transfer. On 26 July advisory committees consisting of representatives from member states had approved the decisions implementing payment of the refunds on projects in Britain. On 27 July, however, the European Parliament had decided to overturn the Budget Committee's decision and to hold up payment of the refund.

Emphasising that there was no possible justification for the Parliament's action since all the

procedures to enable the refund to be paid had been completed, Mr Rifkind said that Britain had no quarrel with the other member states who were working with Britain on the implementation of the Fontainebleau agreement. He hoped that when the Parliament next met in September it would rethink its hasty and damaging action.

Mr Rifkind added that as a result of the Fontainebleau summit future British refunds would be paid automatically on the revenue side of the budget and this would prevent similar difficulties arising in future.

Answering questions Mr Rifkind said that there would be no question of the House being asked to ratify an increase in the Community's resources (see p 248) while the refund remained unpaid. On the European Parliament's procedures, he stated that, once the Budget Committee had approved a proposal, the normal practice was for the President of the Parliament to certify this approval to the European Commission.

Common Format Passport

Giving details to the House of Commons on 24 July in a written reply to a parliamentary question (*Hansard*, Vol 64, No 199, cols 566-7), the Home Secretary, Mr Leon Brittan, said that the new passport would be issued in 1987 in the common format agreed with other Community member states (see pp 91-2, 1981). It will have a more flexible burgundy red cover incorporating the words European Community as well as the traditional Royal coat of arms and other features. The passport will remain a British one and there will be no change to the status and privileges of the holder. In addition the new passport will be 'machine readable', thereby enabling delays at frontiers to be reduced, and all the information about the holder will be visible on one page. The Government is also aiming to introduce a computerised passport-issuing system in 1987.

Mr Brittan said that Britain and the other member states would continue to examine frontier procedures in order to bring benefits for the travelling public.

Britain and the Security of Small States

Britain's views on the economic and political security of small states are contained in a memorandum prepared by the Foreign and Commonwealth Office for the House of Commons Foreign Affairs Committee.

Noting that all states faced a variety of threats to their economic and political security, the memorandum[1] points out that small states – those it defines as having a population of less than one million inhabitants and an unavoidable need to seek outside assistance to preserve security and economic survival – were especially vulnerable because of their small population and narrow economic base. The events leading up to the invasion of Grenada in 1983 (see pp 362-8, 1983) illustrated one basic problem of such states: their particular vulnerability to bids for power by determined but unrepresentative groups. This vulnerability could be fuelled from outside or within, the main dangers being the threat of external military attack, being caught up in the military conflicts of neighbouring states or seen as a jumping-off ground for bigger prizes, or being the subject of covert subversion designed to exploit internal grievances and to aim at a change of domestic policy and/or international alignment.

British Policy

Britain, says the Foreign and Commonwealth Office, was directly responsible for the defence and security of its remaining 15 dependent territories[1] and its determination to carry out these responsibilities was clearly demonstrated in the case of the Falkland Islands in 1982. The problem illustrated by the Grenada crisis was that small states came to independence without the capacity to deter external threats or to combat determined efforts to subvert their government and way of life. The rapid emergence of such states in the 1960s and 1970s, including 27 Commonwealth countries with fewer than a million inhabitants, had created a new kind of security problem to which there were no easy answers. Britain had consistently recognised its responsibilities in this field, had provided substantial bilateral assistance to small states and had participated fully in international consideration of their problems. 'The continuing challenge is to develop, with our allies and partners in the Commonwealth, policies which will increase the security of existing independent small states and provide a more secure international environment for our remaining dependencies as they come to independence. The key objective must be to prevent crises occurring rather than to apply cures afterwards, and to do so primarily by helping small states to help themselves.'

Diplomatic Presence

The maintenance of a diplomatic presence in small states was indispensable to being properly informed about local conditions and could also act as a useful source of advice to local governments. As far as its resources would allow, Britain had sought to maintain an appropriate diplomatic presence in small states, especially in the Commonwealth.

Bilateral Aid

Britain took account of the special needs of small states when formulating and implementing its aid programme. Although there was no separate aid category for small states, three-quarters of British aid went to the Commonwealth, with a special

[1] *The Economic and Political Security of Small States*. First Special Report from the House of Commons Foreign Affairs Committee. Session 1983-84. HMSO, £2·25, ISBN 0 10 254184 7.

[1] Britain's dependent territories are Anguilla; Bermuda; British Antarctic Territory; British Indian Ocean Territory; British Virgin Islands; Cayman Islands; Falkland Islands; Falkland Islands Dependencies; Gibraltar; Hong Kong; Montserrat; Pitcairn, Henderson, Ducie and Oeno; St Helena; St Helena Dependencies (Ascension and Tristan da Cunha); Turks and Caicos Islands.

concentration on the most needy, in which category a number of small states were included. Britain had participated fully in the formulation of the Special Programme of Action adopted by Commonwealth heads of Government in 1979 and its subsequent implementation.[1]

Small states generally received a higher level of aid per head of population than larger states and it was doubtful whether a significant diversion of capital aid to them over and above existing flows was justified. 'There is, however, a good case for increasing technical assistance in the form of the provision of skilled manpower and the training of local armed and police forces and of local administrators. Many small states find it difficult to generate and then retain a sufficient number of skilled and experienced personnel to cope with the many aspects of government and economic development. Assistance in this field can make a significant contribution to political stability and hence internal security.'

Regional Co-operation

Britain had long emphasised the advantages of regional co-operation and had continued to encourage its development within the Commonwealth and more generally. Over the past 15 years there had been some promising developments with the establishment of a number of institutions for regional co-operation among small Commonwealth states, notably the South Pacific Forum (established in 1971), the Caribbean Community (formed in 1973), the Organisation of Eastern Caribbean States (1981) and the Eastern Caribbean Regional Security System (1983). These institutions provided a good framework for even closer co-operation among the states concerned and Britain stood ready to assist.

The precise formula for such co-operation needed to be geared to local circumstances since it was for the states concerned to judge whether their interests would be served by entering into formal security relations and whether these should be confined to small states or should include larger Western nations. The establishment or strengthening of such agreements would have a useful deterrent effect against both internal and external threats. 'In such agreements there is a balance to be struck between the natural desire of independent countries to retain untrammelled freedom of action and the greater security provided to them by taking on obligations which may limit it. Intervention in the event of a purely internal revolt would always involve difficult judgements concerning legitimacy and the compatibility of the action taken with any authority given under the agreement, and would be likely to give rise to legal controversy.' Agreements needed to be founded upon the right of self-determination and the rule of law and should not provide the pretext for unlawful intervention in the affairs of other states.

Britain's main objective was to encourage the international community – through the Commonwealth,[1] the United Nations and other groupings, and bilaterally – to help small states to help themselves. Larger states could assist by making a substantive contribution within their own region. A policy of deterrence was likely to involve a mixture of policies over a sustained period of time and co-operation in economic and social development would probably be essential elements. Co-operation through aid, technical assistance, training, investment and commercial development could help small states.

Dependent Territories

Of the remaining British dependent territories, there were some where independence was not currently an option and others where it was. British policy was to give every help and encouragement to those wishing to become independent while not pressing independence on those which did not want it, and to develop the economic, political and social infrastructure of the territory so that independence could be seen as a realistic objective for those desiring it. Some territories had achieved economic viability while others had still a long way to go.

As for security after independence, it was the Government's policy to help to train and equip local forces of law and order (mainly police forces) and to encourage the development of regional groupings to which the territory could look for further help in its security. One British dependency was already a member of the Organisation of Eastern Caribbean States and two others were about to become associate members. Most of the Organisation's members also belonged to the Regional Security System whose members had undertaken to prepare contingency plans and to assist each other on request in cases of disasters, in preventing smuggling, in maritime policy, in threats to national security and in other circumstances.

[1]In 1979 Commonwealth heads of Government approved proposals from the Commonwealth Secretariat designed to overcome disadvantages suffered by small states and setting out recommendations for action by Commonwealth countries and the Secretariat. In the Goa Declaration on International Security in 1983 (see pp 416-17, 1983), Commonwealth heads of Government requested the Commonwealth Secretary-General to undertake an urgent study of the special needs of small states. Britain strongly supports the study which is being undertaken by a Commonwealth consultative group whose appointment was announced on 17 July.

Overseas Aid

Britain's overseas aid effort in 1983 is described by the Overseas Development Administration in its second annual review, published in July. More detailed statistical information is contained in the annual publication on British aid statistics.[2]

British development policy, says the review, remains in its essentials as outlined in a statement to Parliament in February 1980 (see p 75, 1980). [In this the Government said that although Brit-

[2]*British Overseas Aid 1983*. Overseas Development Administration/HMSO. £5·95. ISBN 0 11 983669 6; *British Aid Statistics 1979-1983*. Overseas Development Administration. £5. Obtainable from the Library, ODA, Eland House, Stag Place, London SW1E 5DH. ISBN 0 902500 13 9.

ain's ability to support overseas development depended on its own economic performance, it would continue to provide substantial aid for developing countries. Official aid, an essential element in development, especially for the poorest countries, would be directed towards relieving poverty, creating conditions for greater peace and stability, and contributing to the growth of world trade, itself of critical importance to the developing countries. Private investment, encouraged by the Government's relaxation of exchange controls (see pp 338-9, 1979), should also play an increasing part in development, and the Government would give greater weight in the allocation of British aid to political, industrial and commercial considerations alongside basic development objectives. In this context, priority would be given to maintaining Britain's ties with other member countries of the Commonwealth, to which the greater part of its bilateral aid went, and to fulfilling its obligations to its remaining 15 dependencies, as well as offering help and encouragement to other friendly countries.]

Certain elements of this policy received particular attention in 1983: the need to give greater emphasis to manpower assistance, especially in Africa, and the need to help to develop indigenous skills and effective institutions were recognised, as was the value of concentrating the aid effort on a limited number of economic sectors in certain countries. At the same time, with acute balance of payments difficulties facing many countries, Britain sought to respond flexibly to requests for programme aid, often in conjunction with other donors and usually in support of International Monetary Fund adjustment programmes.

The balance of payments and debt problems of developing countries also highlighted the importance of attracting flows, such as private direct investment, that do not create further debt burdens. With this aim, further efforts were made in 1983 to interest British companies, as well as voluntary organisations and other institutions, in the challenges and opportunities of the developing world.

Public expenditure[1] on aid to developing countries in 1983 amounted to £1,170 million gross, £693 million (59 per cent) of it bilateral and £477 million (41 per cent) multilateral. The bulk of multilateral aid was provided through the European Community, the World Bank Group and United Nations agencies.

INTERNATIONAL TARGETS

Britain's aid represents part of a global effort to raise living standards in developing countries, which is monitored by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, of which all major Western donor countries are members. Aid performance is usually measured against one of two internationally recognised targets. The first, embodied in the Strategy for the Second United Nations Development Decade (1971-80) adopted by the General Assembly in 1970, calls for the net flow of official development assistance[1] to be at least 0·7 per cent of gross national product (GNP). Britain has accepted this target in principle without commitment to a target date, progress being dependent on Britain's own economic situation and other calls on its resources. In 1983 Britain's net oda totalled £1,058 million, an estimated 0·35 per cent of GNP. The average performance for all donor countries in membership of the Development Assistance Committee in 1983 was 0·36 per cent of their combined GNP.

The other international target, adopted by the United Nations Conference on Trade and Development in 1968, calls for all flows, both private and official, to developing countries to represent at least 1 per cent of GNP. Britain has exceeded this target for several years, its total flows for 1983 – some £3,776 million – representing 1·25 per cent of GNP (the DAC estimated average for that year being 1·08 per cent).

Private flows, consisting mainly of long-term investment, export credits and foreign currency loans, totalled some £2,581 million in 1983 and included some £55 million in spending overseas by voluntary aid organisations.

BILATERAL AID

Some £693 million of gross public expenditure on overseas aid was bilateral assistance. Of this, £231·6 million was provided for the technical co-operation programme, all in grant form, the remainder being financial assistance comprising £344 million in grants, £28 million in intergovernmental loans and £56 million in investment by the Commonwealth Development Corporation (CDC – see pp 213-14). Some £33 million was accounted for by administrative costs.

About 73 per cent of allocable bilateral aid, £425 million, went to Commonwealth countries including £26 million for Britain's dependencies, which remain a first charge on the aid programme, with £154·7 million (27 per cent) going to non-Commonwealth countries. (Another £114 million was not allocable by country.) The largest individual recipient was India (with £128 million) followed by Sudan and Kenya (£32 million each), Tanzania (£30 million), Sri Lanka (£29 million), Bangladesh (£25 million), Pakistan (£17 million) and Malawi (£15 million). The share of allocable bilateral assistance going to the poorest 50 countries (as defined by the World Bank) was £365 million or 63 per cent, while over 92 per cent went to countries with lower-middle income or less. Although bilateral aid was provided to 126 countries, some 59 per cent of it went to only 10 countries. Of the total, some 41 per cent went to African countries, 42 per cent to Asian countries, and the balance of 17 per cent to the rest of the world.

The form in which aid is provided to a given country depends on the particular needs of the

[1]Public expenditure on overseas aid, the main British concept for reporting aid flows, is made up of expenditure by the Overseas Development Administration, funds drawn from the Commonwealth Development Corporation's past earnings and small amounts paid to international organisations by other government departments.

[1]Official Development Assistance (oda) is an international reporting concept and comprises official aid flows having a grant (concessional) element of 25 per cent or more, and other official flows.

country concerned. Broadly, assistance takes the form of financial aid or technical co-operation. The predominant forms of financial aid in 1983 were project aid (55 per cent), CDC loans (13 per cent), programme aid (12 per cent) and Aid and Trade Provision Projects (8 per cent), though 3 per cent was provided as budgetary aid to six countries and 17 countries benefited from debt cancellation under the scheme known as Retrospective Terms Adjustment, which made up 5 per cent of the total. The principal forms of technical co-operation provided to countries in 1983 were manpower (42 per cent), training (29 per cent) and consultancies (14 per cent).

Commonwealth Development Corporation

Government loans to the Commonwealth Development Corporation are provided at concessional rates of interest, especially for renewable natural resources projects, and in the financial year 1983–84 amounted to £37 million. The CDC also drew £15 million from the National Loans Fund, entering into commitments in 1983 for 34 new or supplementary investments totalling £122 million in 20 countries. Notable new commitments included £19 million for smallholder estates in Indonesia, £15 million for hydroelectric dams in Costa Rica, £13 million for a hydroelectric scheme in Indonesia and £10 million for the Wankie Power Station in Zimbabwe. The CDC also started its first project in Vanuatu, growing and processing cocoa, and resumed new investments in Uganda, with two projects for the rehabilitation of tea and sugar. Other substantial commitments were oil palm development in the Solomon Islands, dairying in Jamaica, sugar smallholders and processing in Zambia and rubber outgrowers in the Ivory Coast. The Corporation continued to participate in joint ventures with British companies. At the end of 1983 it was associated with British private sector companies in some 42 projects throughout the developing world, and, in addition, a number of British companies were in partnership with the development finance companies which the CDC has co-financed particularly in Central and East Africa.

Aid and Trade Provision

There were no major policy changes in 1983 affecting the provision of funds under the Aid and Trade Provision (ATP – the facility established in 1977 to give financial support for British contract bids for developmentally worthwhile projects where other donors are offering concessional finance). The ATP continued to be available for sound developmental projects of commercial and industrial importance in countries with an income per head not exceeding $3,000 in 1981. Lines of credit were agreed with Egypt and Mauritius, and greater attention was paid to the potential for using ATP funds in support of technical co-operation activities such as feasibility studies and training and a number of proposals in this area were approved.

During 1983 seven new ATP projects were signed, to a value of £26·6 million, and disbursements on all current projects amounted to £32·7 million. New agreements included grants of £4·4 million for Morupule Power Station turbines (Botswana), £15 million for the Amlori coal mine in India, £4·9 million for the Ombilin coal mine (Indonesia) and £1·2 million for outboard propulsion units to be supplied to Burma.

Aid by Sectors

The sectoral balance of the bilateral aid programme is determined country by country in dialogue with the recipient government with due regard to the economic circumstances and development priorities of each country and to the activities of other donors. At the same time the ODA has certain broad views about the sectors which should generally be given priority to promote development most effectively and to make the best use of the skills and resources which Britain can provide. Expenditure on project aid in 1983 (including CDC loans and ATP funds) totalled £325·6 million, of which £56·5 million was for renewable natural resources projects (mainly agriculture, but including forestry, livestock and fisheries); £14·8 million for mining; £19·8 million for manufacturing (including agricultural processing and fertiliser production); £111·9 million for energy projects, particularly the generation of electricity but also increasingly in the coal-mining sector; £42 million for transport and communications (mostly the improvement of road and rail networks); and £21·8 million for social and community services, including water supply, sanitation, urban and industrial development, housing, education, health and welfare and public administration. Engineering, in the broadest sense, plays an important part in most of these sectors; during 1983 there were over 100 major projects underway or in preparation and over 200 smaller ones, with a substantial engineering component.

Programme Aid

Programme aid usually involves the supply of key raw materials and spare parts to help the recipient's industries to maintain production, the emphasis being on maintaining existing productive capacity rather than establishing new. In 1983 such aid totalled over £51 million, the main recipients being Bangladesh, the Falkland Islands, Sudan, Guyana and Jamaica. Programme aid is normally provided in support of a conditional package of assistance agreed between the recipient and the International Monetary Fund and comprising assistance from the Fund, commercial banks and a range of aid donors. This package of assistance is conditional upon agreement between the Fund and the recipient on a programme of economic adjustment.

Emergency Aid

Although Britain's aid aims to promote long-term economic and social development, the ODA is sometimes called upon to provide emergency aid to meet the immediate needs of people afflicted by natural and man-made disasters.[1] Its special Disaster Unit, established in 1974, is prepared to respond to urgent requests from anywhere in the

[1]For fuller information see COI reference paper *British Emergency Relief Aid*, No 195/83.

world and is the centre of Britain's official bilateral disaster relief effort. It has close working relationships with the United Nations Disaster Relief Office and with the Disasters Emergency Committee which represents five major British non-governmental organisations – the Save the Children Fund, Oxfam, the British Red Cross Society, the Catholic Fund for Overseas Development and Christian Aid. Bilateral responses to 47 disaster appeals in 1983 included the provision of both cash and emergency supplies – for example, food, medical equipment, vaccines and drugs, blankets, shelter, clothing, generators, water purifying tablets, trucks, boats and Bailey bridging – to over 30 countries; total commitments amounted to some £4 million. Assistance to refugees is also provided through multilateral agencies (see p 303).

Technical Co-operation

Of the £232 million spent in 1983 on technical co-operation (the part of the aid programme concerned with human resources development through the provision of expertise and training) £121·6 million fell within bilateral country programmes, £60·4 million of it being spent on the provision of manpower, £39·6 million on training in Britain and overseas, and £21·6 million on the supply of advice through the engagement of British firms of consultants. At the end of 1983 there were 3,558 aid personnel (including volunteers) serving overseas in 114 countries, and 5,336 students and trainees from 115 countries on courses in Britain.

Manpower Aid

During 1983 the Government reviewed its policy on manpower aid in the light of the needs of aid-receiving countries, particularly in Africa, where economic and social development suffers from shortages of experienced technical and managerial staff and from institutional weaknesses. It concluded that the development of local education systems was vital for the supply of skilled and educated manpower in the long term, and would continue to be a major target for British aid. In the short and medium term, however, more aid would also be required in the form of trained and educated personnel and training for existing personnel in governments and public sector institutions. The ODA would therefore be engaging in discussion with recipient governments about manpower needs generally and reviews of such needs would be undertaken where appropriate. Manpower aid would in many cases be linked with other forms of aid and would wherever possible take the form of projects agreed with recipient governments. The scope for co-operation with the World Bank and other donors would also be carefully considered. Approaches being considered include the wider secondment of British staff to work overseas, and the ODA intends to expand its Corps of Specialists – a group of officers contracted to the ODA for periods of up to ten years and prepared to serve in a succession of appointments.

Training

Apart from the provision of training awards for refugee and other disadvantaged students from overseas, and financial support to the British Council for award schemes,[1] the two main ways in which the aid programme finances training are through the Technical Co-operation Training Programme (TCTP), for which the ODA gave £40 million in 1983, and the Commonwealth Scholarship and Fellowship Plan (CSFP) which received £5·9 million. Substantial additional resources were allocated in 1983 for training: in February the Government announced a further £4 million for the TCTP to provide an extra 700-800 awards, and it is planned that, over a three-year period, the extra amount available for training within the aid programme, including contributions to the CSFP, will amount to £21 million. In addition the Government made a further £25 million available through the Foreign and Commonwealth Office to help other overseas students.

British Volunteer Programme

In 1983 the ODA continued to give substantial support (some £5 million) to the work of the four societies within the British Volunteer Programme: Voluntary Service Overseas; the Catholic Institute for International Relations; International Voluntary Service; and United Nations Association International Service, and grants covering 90 per cent of their expenditure and totalling £5·93 million were offered for the financial year 1984-85 – an increase of 17 per cent. The number of volunteers working in the field rose from 911 in December 1982 to 1,041 in December 1983. Although the majority of assignments continue to be concentrated in the government and public sector overseas, an increasing number are being undertaken in partnership with non-governmental organisations in small rural village projects where the impact they can have is considerable.

Joint Funding Scheme

Through the Joint Funding Scheme the ODA helps British voluntary agencies to extend their work among the poor in developing countries. Support is usually given on a 'pound for pound' basis, although the full cost of population projects can be met. Most of the money available under the Scheme, for which the ODA provided some £2·6 million in 1983, is channelled through four major agencies: Oxfam, Christian Aid, the Save the Children Fund (SCF), and the Catholic Fund for Overseas Development (CAFOD) – although any British registered voluntary organisation is eligible to apply for a grant. A wide variety of projects is covered, ranging from the setting-up of a legal aid scheme for the poor of Delhi (Oxfam) and the installation of a water supply for the village of Milo in southern Tanzania (Christian Aid) to the running of mother and child health centres in Nepal (SCF) and a self-help slum development project in Thailand (CAFOD). In 1983 some 331 applications were received and 290 of them, from 19 different agencies, were approved, about a third of them for agricultural projects, 15 per cent

[1]For information on the British Council's role in aid provision, see COI reference paper *The British Council*, No 237/84.

for health schemes and a further 18 per cent for non-formal education projects.

Consultancies

Private and public sector consultants are involved in a large number of British aid projects, particularly in water and power engineering, natural resources development, transportation, industrial development and physical planning, management and finance advice, and training. Services connected with project implementation, such as detailed engineering and design and the supervision of contractors, are normally arranged by way of a contract directly with the overseas agency involved and financed from financial aid. Consultants engaged to undertake feasibility studies or to provide general advice or to supply individual experts are, however, normally contracted directly by the ODA and financed from technical co-operation funds. There was a significant increase in this technical co-operation type of consultancy in 1983, the ODA issuing 161 new contracts during the year compared with 131 in 1982. The total financial commitment represented by new contracts and extensions to existing contracts was about £30 million as opposed to about £21 million in the previous year. Major contracts included power consultancy/management teams in India, Bangladesh and Sudan, road and railway consultancies in Tanzania and Zimbabwe and an irrigation development project in Bangladesh, as well as the very sizeable continuing Cairo Wastewater project (see pp 215-16).

MULTILATERAL AID

Multilateral aid, in the form of contributions to international agencies, has accounted for an increasing share of Britain's total aid programme in recent years, rising from 30 per cent in 1981 to 41 per cent in 1983, mainly because expenditure following from past commitments to the World Bank Group (see below) has been rising and because European Community aid, including Britain's share, has been growing. Together, these two items accounted for £390 million – over 80 per cent of the total of £477 multilateral aid disbursed. The major recipients were the European Community (£185 million); the World Bank Group (£205 million); United Nations agencies (£54 million); and regional development banks (£15·2 million).

The Government attaches great importance to making multilateral aid as effective as possible and reviews all new commitments critically in the light of the competing claims of other forms of aid. In 1983, for instance, Britain helped to secure better guidelines for European Community food aid, gave careful attention in the governing bodies of the major agencies to the selection and the implementation of projects, and tried to ensure that concessional resources channelled through multilateral organisations were directed towards the poorest developing countries. Britain also supports systematic and independent arrangements for measuring the success of projects and has urged agencies that do not have such facilities – principally the European Community – to introduce them. In addition, Britain sought to ensure that the budgets of the various United Nations agencies were realistic and in keeping with financial stringencies being exercised by governments throughout the world.

World Bank Group

Britain remains one of the largest shareholders of the International Bank for Reconstruction and Development (IBRD or World Bank) and in 1983 began taking up the 12,168 additional shares which it had been allocated under the 1979 General Capital Increase. It also approved an additional grant of £105 million to extend the Sixth Replenishment of the International Development Association (IDA – the World Bank's soft loan affiliate which assists the poorest developing countries) for a fourth year to help make up a shortfall caused by delays in the payment of the United States contribution. Commitments by the IDA in the financial year 1983 amounted to $3,341 million, the main recipients being India, Bangladesh and Pakistan. In negotiations for the Seventh Replenishment, to cover the financial years from 1985 to 1987, Britain consistently argued for a sum of $12,000 million, lower than the $16,000 million advocated by some but a more realistic target in present circumstances, and considerably more than the figure of $9,000 million insisted upon by the United States.

European Community

Britain's share of the European Community's aid programme, £185 million, represented about 16 per cent of total expenditure. The largest elements were a contribution to the European Development Fund (established by the Lomé Convention – see pp 331-2, 1983) of £74·6 million, and food aid, of which Britain's share was £51·3 million.

In 1983 the Community's food aid included 1·04 million tonnes of cereals, 150,000 tonnes of milk powder, 36,500 tonnes of butter-oil and small amounts of other products. These were allocated to about 40 developing countries, international agencies and non-governmental organisations; some was for emergency relief but most went to provide free imports to the recipient countries. The Government has worked hard to secure the adoption of improved policy guidelines for European Community food aid. These are designed to maximise the developmental impact of food aid by providing for an increased proportion of food aid to be bought from the developing countries themselves, for food aid to be associated with the adoption of policies designed to improve local agricultural production, and for the better use of the local funds generated by the sale of food aid.

Britain fully endorsed the European Community's support for food strategies under way in African countries – notably Kenya, Zambia, Mali and Rwanda – designed to co-ordinate aid and local policies in the interests of fostering greater self-reliance in food. The Community also continued to supply aid to the non-associated countries, mainly to the poorer countries of the South Asian sub-continent, spending about £80 million on projects in 1983, of which the British share was

£18 million. In addition, it continued its programme of disaster relief and instituted a special programme to combat hunger in the world.

United Nations Agencies

In 1983 Britain continued to give substantial support to the agencies of the United Nations. Of those financed by voluntary contributions, the United Nations Development Programme received the largest contribution of £18·5 million, while major contributions were also made to the United Nations Children's Fund and the United Nations Fund for Population Activities. Britain has taken the view that the budgets of agencies supported by assessed contributions should not increase in real terms, and, in concert with a number of like-minded countries, has made considerable progress in cutting down on administrative costs within the budgets of UN agencies, so that more can be available for programmes in the field. Britain's concern about the budget of the United Nations Educational Scientific and Cultural Organisation (UNESCO) and other aspects of its policies and programmes led the Government to carry out a thorough review of its relations with the Organisation during the second half of 1983. The Government concluded that Britain should remain a member for the time being, but that increased efforts should be made to obtain improvements in UNESCO's programmes and management (see pp 52-4).

The Commonwealth

Britain's contribution to programmes of assistance operated by the Commonwealth Secretariat continued, providing the Commonwealth Fund for Technical Co-operation with 30 per cent of its regular income – £4·7 million in 1982-83 and £5·7 million in 1983-84; the Commonwealth Youth Programme with £284,000 in 1982-83; and the Commonwealth Science Council with £75,000 in 1982-83.

RESEARCH AND DEVELOPMENT

Research and development (R & D), which spans both bilateral and multilateral aid, is concerned with providing knowledge and techniques likely to bring economic and social benefits, with priority being given to work likely to benefit the poor, especially those living in rural areas. The programme has five components: work carried out under contract at institutions in Britain and overseas under a specific R & D vote; the operations of the ODA's Scientific Units; support to ODA associated bodies in British scientific establishments; support to international centres and programmes for work on the problems of developing countries; and R & D carried out as part of Britain's bilateral aid to particular countries. Total spending on R & D in 1983 exceeded £23·5 million.

Under the R & D vote, some 250 ODA-contracted research projects were funded at universities and other institutions in Britain and overseas, of which about one-third were new contracts let during 1983. The projects cover a wide range of disciplines – economics, education, engineering, health and population and natural resources – and sector programmes are generally reviewed about every four years. Some examples of work being funded include a project based at the Institute of Aquaculture, Stirling University (Scotland) on the commercial development of hatchery techniques for the tropical freshwater fish *tilapia*; a continuing crop virology research project at the Kenya Agricultural Research Institute; and a project involving the use of a microcomputer, designed by the Ross Institute of the London School of Hygiene and Tropical Medicine, to analyse nutritional survey data in developing countries. A project to design and build a prototype wind pump has been developed by the Intermediate Technology Development Group, with collaborators in Kenya, India, Pakistan, Botswana and Egypt, through field trials to the commercial development stage. The wind pumps can be manufactured locally in many developing countries and are used mainly for pumping water for drinking and irrigation. They operate with comparatively little maintenance at low wind speeds and provide power which would otherwise have to be supplied by diesel fuel, saving foreign exchange and avoiding problems over the delivery of fuel.

In 1983 two of the ODA's Scientific Units – the Tropical Products Institute and the Centre for Overseas Pest Research – were merged to form the Tropical Development and Research Institute. Priority in the Institute's work is given to improving food supplies – a major objective of Britain's aid programme. It accepts contracts from multilateral aid agencies and other organisations, produces a range of publications on its work and has extensive library facilities with on-line access to external databases. Activities during 1983 included the initiation of a four-year programme, funded by the ODA and the European Community, to implement strategic control systems for armyworms in eastern Africa; studies on the ecology, biology and migration of the brown planthopper in the Philippines; field trials in Egypt which demonstrated that a virus suspension applied to cotton could control leafworm as effectively as insecticides, while not affecting the beneficial insect population; projects to reduce post-harvest losses in fish and to increase its use as a food; the successful testing in Zambia of a small-scale oilseed expeller, developed for use by rural communities, in collaboration with a British engineering company; and assistance with the modernisation of the dessicated coconut industry in Sri Lanka, including improvements in drying operations and energy utilisation and the adoption of new hygiene procedures. Training is an important element in all the Institute's programmes. In addition to 19 training assignments mounted overseas, 108 trainees from 44 developing countries received training at the Institute in 1983, in areas such as mycotoxin analysis, the storage of durable agricultural produce and the post-harvest technology of fruits, vegetables and root crops.

The ODA continues to provide financial support to about 30 establishments in Britain which give scientific and technical help to developing countries. They include the Centre for Tropical Veterinary Medicine of the University of Edinburgh, the

Overseas Division of the British Geological Survey, the Overseas Unit of the Transport and Road Research Laboratory and the Tsetse Research Laboratory of the University of Bristol.

In 1983 Britain contributed about £4 million to the core budgets of 11 centres which are members of the Consultative Group on International Agricultural Research, most support going to the International Crop Research Institute for the Semi-Arid Tropics in India, and the International Rice Research Institute in the Philippines. In the field of health and population, Britain continued to support a number of organisations including the World Health Organisation Special Programme of Research, Development and Research Training in Human Reproduction (£1·45 million), the World Fertility Survey (£200,000) and the International Centre for Diarrhoeal Disease Research in Bangladesh (£120,000).

During the year about £4 million of research work was financed from individual country aid programmes. Examples included the provision of a British expert in the control of schistosomiasis (bilharzia) for the World Health Organisation's Blue Nile Health Project; research into disease control in cloves for Indonesia and Zanzibar; and the investigation of traditional cropping systems in the south of Sudan and Tanzania to provide new crop varieties (including sorghum, groundnuts, rice and oil seeds) and improved agronomic practices, which will help the subsistence farmers to become more self-sufficient and move into commercial farming.

COUNTRY PROGRAMMES

The following section gives examples of the wide variety of projects assisted by Britain, and of other British aid to the main recipient countries in Asia and Africa which together accounted for over 80 per cent of Britain's bilateral assistance in 1983.

Asia

A large part of British aid is devoted to Asia, especially the heavily populated and low-income countries of the South Asian subcontinent. Programmes have attempted to combine direct help to the poorest sections of the community with the large-scale assistance required for the development of agricultural, industrial and infrastructural resources.

In India, which receives more British bilateral aid than any other country, Britain remains the largest bilateral donor (£127·6 million in 1983). British aid helps to finance major local cost projects, aimed at assisting the poorest sections of the community, and industrial and infrastructure projects involving the supply of British capital goods. Power, coal, railways, and oil and natural gas have been identified, in agreement with the Indian Government, as sectors which deserve particular aid support. A number of new projects were approved in 1983, including various items of coal-mining equipment (£13 million), gas turbines for power generation (£7·5 million), forestry in Karnataka (£25·4 million), and assistance to aluminium production (£8·4 million). Expenditure also continued on many existing major projects, notably £40 million of agricultural credit for poorer farmers provided through the Agricultural Refinance and Development Corporation and £36 million spent on the Rihand super-thermal power station. British aid was also heavily involved in low-cost housing for the poor through the Housing and Urban Development Corporation and an additional £5 million was allocated for slum improvement in Hyderabad.

British aid to Nepal (some £7·4 million in 1983) has been concentrated on agricultural and natural resources and communications projects. The £18 million project to build the 51-kilometre (32-mile) road from Dharan to Dhankuta to assist development in a poor hill region was approaching completion at the year's end. The ODA has also helped the hill agricultural centres at Pakhribas and Lumle and supported the Kosi Hill Area Rural Development Programme. Two new projects, for rural water supplies (£3·8 million) and a roads remedial works unit (£2·6 million), were on the point of formal agreement by the end of 1983.

In Pakistan, Britain continued to concentrate its aid, which totalled £16·6 million in 1983, on renewable natural resources; on infrastructure, in particular power, railways and ports; and on the frontier provinces of Baluchistan and North West Frontier, where further assistance to Afghan refugees brought Britain's total contribution for this purpose to £19·9 million since January 1980. Of the infrastructure projects the largest is for £29 million to modernise Pakistan's railway system and to improve its operational performance and financial position. New projects agreed in 1983 included small-scale irrigation schemes in Baluchistan (£3·9 million); a phosphate mine in the North West Frontier Province, whose products would be used for fertilisers (£2·6 million); the maintenance of existing dams and reservoirs (£9 million) and the reduction of water-logging and salinity in Punjab by way of a large-scale drainage scheme (£11·4 million) – two projects which are part of major schemes co-ordinated by the World Bank; at the World Bank Donors' Consortium in April 1983 Britain pledged a further £20 million of grant aid for projects.

About two-thirds of British aid to Sri Lanka in 1983, which totalled £29·47 million, was for the Victoria Dam and Hydroelectric project now approaching completion. This scheme, which is one of four large hydroelectric schemes which the Sri Lankan Government is engaged on to exploit the power and irrigation potential of the country's major river, the Mahaweli Ganga, will greatly add to the country's electric power supply when it is commissioned in 1984 and will thus benefit all communities in Sri Lanka. British aid also helped to improve the railway network and an urban water-supply system, as well as to assist with the exploitation of coconuts and to improve grain storage facilities.

Africa

British aid to Africa aims to respond to several of the major problems afflicting that continent. Industrial and agricultural production is being severely damaged by continuing drought which in some countries has combined with civil disturbance to

produce famine conditions. Emergency drought relief was provided to eight countries in 1983 ranging from Ethiopia in the north to Mozambique in the south (see also p 304). Under Britain's bilateral food aid programme, 58,000 tonnes of cereal food aid were also delivered to sub-Saharan countries in 1983. In a continent where the great majority of the population continue to make a living off the land, much aid has focused on agriculture.

Britain shares the general concern of many donors and developing country governments about the weaknesses in public sector management and the shortages of technical and managerial staff in parts of sub-Saharan Africa. The ODA has traditionally been a major supplier of manpower assistance to Africa – at the end of 1983 there were 2,128 aid-financed personnel in post and 3,166 African students and trainees in Britain – and in 1983 decided to focus manpower assistance on particular sectors and institutions through projects or programmes more clearly directed towards the achievement of agreed and realistic objectives.

In Botswana, which received aid totalling £13·3 million in 1983, a joint review of manpower requirements with the Government, completed early in the year, confirmed education, engineering and agriculture as priority areas, and training awards were increased by 50 per cent. Financial aid on grant terms continued, with projects for village water supplies, rural electricity, improvements to teacher training colleges and the completion of a new agricultural research station and rural training centre. Drought relief projects were financed as Botswana entered a third year of severe drought.

During 1983 much of British aid to Kenya, which totalled some £31·8 million, was reshaped to help to deal with the changing economic circumstances and the basic problems facing the country. In particular, large allocations of sector aid were made to the private agricultural sector, to the Agricultural Development Corporation and to Kenya Railways, the last two linked to technical co-operation aid. Existing projects, such as the Thuchi-Nkubu road, were continued and the Tana River Upper Reservoir project was almost completed during the year. A comprehensive review of manpower and training was started, with the intention of reaching agreement with the Kenyan Government on overall needs and priorities.

Britain's aid to Malawi totalled £14·6 million. The substantial programme to help to finance expatriate staff working in key posts in such areas as education, health, engineering and public administration was maintained. Financial aid, which was provided on grant terms, was concentrated on agriculture, transport and education. Assistance was provided for Malawi's National Rural Development Programme by way of funds for the Blantyre Agricultural Development Division. A project to upgrade five technical schools was started, involving the supply of new or renovated workshops, accommodation and equipment. Help was also given towards raising the standard of examinations to accredited levels. In addition, assistance was made available for the railways, for road repair work and for the setting-up of a road resealing unit. Aid/Trade Provision funds were earmarked to supply British telecommunications equipment for three rural townships.

In Mozambique, which received aid totalling £1·8 million in 1983, Britain continued to finance two power stations, a road construction project and spare parts for vehicles and equipment. A £10 million project was approved for equipment, materials and consultancy to help to rehabilitate the Limpopo Railway between Maputo and Chicalacuala on the Zimbabwe border. An agreement was signed to waive repayment on past aid loans totalling £22·5 million under the Retrospective Terms Adjustment scheme. Aid and Trade Provision funds of £1 million committed in 1982 in support of a contract worth £10 million for the supply of buses are being spent over four years to establish a maintenance and training programme. In October, further assistance of £350,000 was announced for the training of Mozambican students in Britain. During the year a total of 3,000 tonnes of food aid was provided from the ODA's bilateral food programme and disaster relief of £1·3 million was committed in 1983–84 to help to combat the effects of drought and floods.

At a meeting of the World Bank Consultative Group in January, Britain pledged £7 million for balance of payments support to Sudan to help to alleviate the country's economic and financial problems, and a further £5 million was committed in December for 1984 subject to agreement on the next International Monetary Fund standby arrangement. Aid to Sudan totalled £32·2 million in 1983. Expenditure on basic economic infrastructure continued, notably the £74 million of British aid invested in the World Bank power project designed to increase electricity production and transmission in the Blue Nile Grid. The British aid is financing both new power stations and the rehabilitation of existing facilities. The ODA continued to play a major part in a programme of agricultural development, led by the World Bank, in the southern Sudan. In-country and overseas training was increased and included support for the country's three universities, the Khartoum Polytechnic, the Atbara Mechanical College and local government in the south. Refugee relief amounting to £2·5 million was provided through the United Nations High Commission for Refugees and voluntary agencies.

In Uganda, which received aid totalling £6·1 million in 1983, Britain tried to strengthen and focus its assistance on particular areas of need, such as reviving smallholder production of cotton (the country's second largest export crop), and helping to restore education and public administration. Britain also expanded its training programme and mounted some major investigations by consultants, notably into the needs of the power sector.

In Zambia, the provision of expatriate manpower assistance continued to be the largest single component of Britain's aid programme, which totalled some £14·5 million in 1983, emphasis being placed on the fields of education, agriculture, health, posts and telecommunications, finance and public works. In March it was announced that £4·8 million would be provided

over two years for the training of Zambian students, mainly in Britain. A loan of £4·5 million was signed in July to finance British goods and equipment for the agricultural and commercial sectors, and Britain continued to supply financial aid and technical co-operation to help implement Zambia's Integrated Rural Development Programme.

British aid to Zimbabwe (some £19·6 million) continued to focus on assistance with land-resettlement, manpower development and the supply of goods and equipment in key areas of the economy. Manpower aid was concentrated in areas such as local government, taxation, customs, telecommunications, railway operation, agricultural research, geological surveys and rural water supplies. Further funds were made available to enable students to complete training courses begun before independence or to continue with higher-level studies, and 79 trainees arrived in Britain to take up new awards. Equipment was provided to Harare Polytechnic and Bulawayo Technical College under the £10 million programme aid loan signed in 1981; a further such loan of £3 million to assist the country's export industries was signed in November 1983.

On other matters, the conference recommended that studies should be made by the Secretariat, in a sample of member countries, to identify resource gaps in education, and methods by which these might be bridged, and that the Secretariat should initiate a programme of practical activity to assist member states to develop educational policies and programmes for the employment of young people.

In a statement on student mobility within the Commonwealth, ministers expressed disappointment about its level in relation to the overall volume of international student exchange. They therefore said that they would do their best to raise the 1983-84 level of student exchange and stated that fees or equivalent charges levied on students from other Commonwealth countries should be less than full cost. Ministers urged those member countries who charged higher fees to Commonwealth than non-Commonwealth students to review their current practices. The conference also decided that ministers would meet again later in 1985 during the General Conference of the United Nations Educational, Scientific and Cultural Organisation in order to assess performance in the realisation of these goals.

[For information on British educational assistance, see COI reference paper *Britain's Aid to Education in Developing Countries*, No 242/84.]

Commonwealth Education Conference

An increased allocation of awards under the Commonwealth Scholarship and Fellowship Plan and a Commonwealth higher education programme were approved by the ninth conference of Commonwealth education ministers meeting in Nicosia from 23 to 25 July. Details about the outcome of the conference were set out in the communiqué.

Ministers welcomed Britain's 1983 decision to make a large increase in awards offered under the Commonwealth Scholarship and Fellowship Plan (see pp 101-2, 1983) and agreed to institute another 250 scholarships. Canada is increasing its number of scholarships from 300 to 500 and 13 other member states made offers. The number of awards under the Plan will be at least 1,650 in 1985, exceeding the target of 1,500 set by past conferences.

The conference endorsed proposals for a Commonwealth Higher Education Programme designed to strengthen higher education and research by promoting staff development schemes, links between institutions, and the use of new technologies. It will focus on developing institutional capacity and quality in less developed Commonwealth countries, including the interchange of staff and students, and on strengthening higher technical education. The Programme will be serviced by the Commonwealth Secretariat.

Shorter Notes

BRITISH AID FOR DROUGHT RELIEF IN AFRICA

Britain is providing more food aid and an extra £1·5 million for drought relief in Africa. Giving details in the House of Commons on 30 July, the Minister for Overseas Development, Mr Timothy Raison, said that £1 million of this money would be going towards the recent Famine in Africa appeal made by the Disasters Emergency Committee[1]; the 1984 African appeal of the International Committee for the Red Cross (ICRC) would receive £150,000; and £350,000 would go to recent appeals from the League of Red Cross and Red Crescent Societies. Britain had already contributed £2 million to the ICRC's programme. Mr Raison added that a further £3 million had been set aside for use as emergency and humanitarian relief primarily through the voluntary agencies and that a substantial proportion of this would be for Africa. Britain was also offering 2,000 tonnes of bilateral food aid for distribution in Ethiopia by voluntary agencies.

Noting the widespread concern in Britain following a recent television programme on the drought in Ethiopia, Mr Raison said that it was right for the Government to make a contribution to boost the funds coming from the public. The Government

[1]The Disasters Emergency Committee represents five voluntary organisations – the British Red Cross Society, Christian Aid, the Catholic Fund for Overseas Development, Oxfam and the Save the Children Fund. By 23 August some £6·5 million had been received from the British public in response to the appeal.

would also consider responding to further appeals during the rest of the year.

On 10 August the Government announced that Britian would contribute £1 million to an appeal launched by the United Nations Children's Fund to help chronically undernourished children in 13 African Countries.

Britain has committed some £16·5 million so far in the present financial year for aid related to the drought in Africa and in the previous year spent about £25 million for this purpose. In addition nearly £27 million of British aid was spent in 1983 on the development of agriculture and natural resources in Africa.

Source: Overseas Development Administration press notices, 30.7.84 and 10.8.84.

THE BRITISH COUNCIL

The annual report of the British Council, published in July 1984, shows that in 1983-84 the Council, which is celebrating its fiftieth anniversary this year, spent an estimated £173·5 million in promoting knowledge of Britain and the English language overseas, in developing cultural relations with other countries, and in assisting educational advancement in the developing world. About 78 per cent of the funds was provided by the Foreign and Commonwealth Office and its Overseas Development Administration, the remainder coming from Council earnings and agency fees. The Council defines its primary aim as the promotion of 'an enduring understanding and appreciation of Britain in other countries through cultural, educational and technical co-operation'.

During the year the Council assisted 21,361 overseas students, trainees and visitors to come to Britain and nearly 3,400 British specialists in education and other subjects to work or undertake professional visits abroad. In addition, about 17,400 young people took part in youth exchange schemes. An average of nearly 53,000 students at any one time were learning English in the Council's 42 English teaching centres in 31 countries, while over 100,000 additional students studied the language in institutes and anglophile societies with which the Council is closely associated. The Council also arranged for 1,450 English language teachers and advisers to work overseas. Book issues made by Council libraries in 1983-84 totalled 6 million from a library stock of 2 million, while 272 book exhibitions involving 80,000 books and 5,800 periodicals were held in 72 countries. In addition, £1·5 million was spent on book presentations to 820 institutions in 97 developing countries and 1·5 million low-priced textbooks were sold in 78 developing countries. British dance and drama organisations toured 74 countries, while music tours covered 69 countries and fine art exhibitions were held in 55 countries. Some 30,000 films were held in Council libraries overseas and 165 films or videos were supplied for British Film Weeks abroad.

Source: *The British Council Annual Report 1983-84*. HMSO/British Council, £2·20. ISBN 0 86355 017 7. For further information see COI reference paper *The British Council*, No 237/84.

ECONOMIC AND SCIENTIFIC AFFAIRS

Privatisation

Progress in the Government's privatisation programme was summarised by the Financial Secretary to the Treasury, Mr John Moore, in a speech on 18 July. He noted the considerable improvement in the performance of those companies which had already been privatised, and the benefits of liberalisation and deregulation. Recent developments have included the sale of British Rail's shipping and ports subsidiary, Sealink UK, the Government's decision that British Shipbuilders should sell its warship-building interests by 31 March 1986, and arrangements for the sale of the BL subsidiary Jaguar plc.

PROGRESS AND FUTURE PLANS

Mr Moore said that the Government's achievements in privatisation since 1979 had been among the most radical economic changes since 1945. It now planned 'to go further and faster'. The policy of privatisation commanded wide public acceptance and was an established central feature of the Government's policy. Other countries were beginning to follow Britain's example.

Aims of the Government's Policy

Privatisation was one of a range of policies, Mr Moore continued, 'whose aim is to reduce the size of the state-controlled sectors of the economy, and to increase the proportion of assets owned privately'. Reducing the size of the state sector helped to make the economy work better as resources there tended to be used less efficiently, mainly because market disciplines were lacking. More people had the opportunity to become owners, both of property and of shares in companies. These policies also increased personal independence and freedom and, by establishing a new type of owner, had an important effect on attitudes. They tended to break down the divisions between owners and earners, and gave people 'greater security and fuller opportunities to participate in the creation of wealth for themselves and for the country'.

Mr Moore noted the link between privatisation and the Government's housing policies. Since 1979 nearly 750,000 public sector tenants in Great Britain had taken the opportunity to buy their homes under its right-to-buy legislation. Owner-occupation of dwellings had risen from 54 per cent in 1979 to about 61 per cent in 1984. The Government was completing the development of the remaining new towns by disposing of their commercial assets to the private sector.

Contracting out Services to Private Sector Firms

The Financial Secretary said that the Government's policy of returning state-owned companies to the private sector was in line with its policy of obtaining value for money in the state sector by inviting tenders for services and contracting them out to private operators where that was cost-effective. Contracting out frequently introduced more specialised expertise and more flexible working practices and deployment of manpower, improving efficiency and the standard of service offered to the public, and often brought financial savings. All state sector bodies were expected to contract out wherever it made sense to do so. Results so far were highly encouraging, but there was still substantial scope for extending contracting out.

Increased Competition

There was a very clear link, Mr Moore continued, between privatisation and the Government's competition policies. Competition was an important consideration when companies were being returned to the public. Where they had been monopolies, they would be split up into smaller companies, or, as in the case of British Telecom (see pp 269-72, 1983), competition would be introduced with a regulatory structure to prevent them exploiting their position in the market. Where they had been in competition with private sector companies, but because of state ownership had not been subject to full market discipline, they would sometimes need a period of protection from undesirable takeover to guarantee that the new company could 'build up its strength and offer a real boost to competition in that market'. This policy tied in with government policies to increase customer choice and to make British firms more competitive, as shown, for example, in decisions to end the solicitors' monopoly on conveyancing (transfer of property) and the opticians' monopoly on the supply of spectacles (see p 271), while in the City of London the Government had reached an agreement with The Stock Exchange to dismantle the latter's most obviously anti-competitive practice, the charging of minimum commissions (see p 435, 1983, and p 222). Com-

petition had been a theme of the Chancellor's Budget which had removed a number of fiscal distortions (see pp 121-7), particularly on savings and investment, and enabled the banks and building societies to compete on more similar terms. The Government was anxious to ensure that private sector companies had better opportunities to compete for contracts in the public sector and, accordingly, was encouraging competitive tendering for the supply of equipment and services to government bodies.

Results of Privatisation

Progress on privatisation had been considerable, Mr Moore reported. Eight major public sector companies had been privatised: British Aerospace (see pp 14 and 56-7, 1981), Cable and Wireless (see pp 344-5, 1981), Amersham International (see pp 130-1, 1982), the National Freight Company (see pp 383-5, 1979), Britoil (see pp 46-7, 364-5 and 416, 1982), Associated British Ports (see p 107, 1983, and p 178), International Aeradio (a former subsidiary of British Airways) and Enterprise Oil (see pp 273-4). A variety of assets and government shareholdings in many other companies, including some held by the British Technology Group, had also been sold. About 150,000 jobs had been transferred to the private sector. Mr Moore then gave some examples to show the successes achieved by these companies since privatisation: British Aerospace's sales in 1983 were at a record level, 12 per cent higher than in 1982, and orders received in 1983 were nearly double those received in the last year before privatisation; Britoil's post-tax profits had risen by 35 per cent in 1983; and Amersham International's turnover had grown by 20 per cent in 1983-84 and pre-tax profits by 22 per cent. It was not surprising that in the period following privatisation the share prices of these companies had risen. The prospect of privatisation had also resulted in 'dramatically changed attitudes and improved performance', as instanced by British Telecom and British Airways (which had achieved an average annual improvement of 9 per cent in labour productivity and an average reduction in unit costs in real terms of 1 per cent, and whose punctuality of services had risen from 65 per cent in 1979 to 84 per cent in 1984).

Liberalisation and deregulation were also beginning to bring real benefits. The Oil and Gas (Enterprise) Act 1982 (see pp 46-7, 1982) had given producers the option of selling gas supplies direct to major industrial customers. This had contributed to the drilling of some 70 wells in the Southern Basin of the North Sea since the beginning of 1982, compared with only eight in the previous three years. The Transport Act 1980 (see pp 383-5, 1979) had introduced fundamental changes in road licensing, including the removal of restrictions on operating long-distance bus and coach services over 30 miles (48 km), which had permitted competition with the publicly owned National Bus Company on services between towns. Recent research by the Transport and Road Research Laboratory had indicated that between 1980 and 1983 fares on long-distance services had fallen on average by 40 per cent in real terms and 700 new services had been introduced. In a trial area in Hereford and Worcester there had been complete deregulation of all bus services, which had resulted in a decline of over one-third in subsidy payments with virtually no change in the levels of services. The White Paper on buses (see p 313) showed that the Government intended to apply the lessons to bus services throughout Great Britain.

Procedures

Mr Moore said that the procedure for privatisation was in each case designed to ensure, as far as possible, that the most favourable deal was struck for the taxpayer within the circumstances of the particular sale. About 15 major sales of shares had been organised, directly involving 21 merchant banks and stockbrokers. Arrangements for appointing advisers were designed to ensure that the Government secured the best possible advice at the lowest possible cost. The Government was working through the normal procedures of the City of London, but was keen to encourage innovative thinking among its advisers. A number of procedures had been developed which had been subsequently adopted more widely; for example, the general tender mechanism had become an alternative to fixed-price offers. 'Striking price procedures' (allowing small investors to apply for shares at the striking price without having to bid a specific price in advance) and a 'small shareholder bonus' had been introduced to encourage long-term holdings by small-scale investors. Prospectuses had been simplified and distributed widely. Special rights shares held by the Government to secure matters of essential national interest had featured in several of the privatisation arrangements. They involved specific limited powers over future ownership or control or conduct of a privatised company, which had been taken to prevent undesirable takeovers or to stop takeovers in the period before the company had fully established itself.

Future Programme

Mr Moore set out the Government's plans for the future. The largest example of privatisation, the sale of a majority interest in British Telecom (see p 181), would take place in autumn 1984, followed by the privatisation of British Airways (now the world's most profitable airline) in 1985. Before the end of the current Parliament the Government expected to make further sales from its residual shareholdings and hoped to return Rolls-Royce, Short Brothers and BL to the private sector. It hoped to sell as many as possible of Britain's airports and substantial parts of the British Steel Corporation and British Shipbuilders. Operations of the National Bus Company (see p 314) and the Royal Ordnance Factories would be transferred to the private sector and there was 'a firm commitment to increase competition in and attract private capital into the gas and electricity industries'. The Government was continuing to identify other possibilities and to search for further ways of increasing competition, deregulation and liberalisation in commerce and industry.

SEALINK

The sale of British Rail's shipping and ports subsidiary, Sealink UK Ltd, to British Ferries (a new wholly-owned subsidiary of Sea Containers, an international seafreight company with headquarters in London) for £66 million was announced on 18 July. The Secretary of State for Transport, Mr Nicholas Ridley, announced in the House of Commons that he had given his consent that day under the Transport Act 1981 to the sale (*Hansard*, Vol 64, No 95, col 313). He said that the chosen purchaser had submitted the highest bid, which fairly reflected the value of the business. Sea Containers had wide experience in freight shipping and had made a number of constructive proposals for improving Sealink's business.

Sealink operates the most extensive network of ferry services in Europe, and owns and operates a number of ports including Folkestone, Heysham, Holyhead, Newhaven and Parkeston Quay (Harwich). In 1983 its fleet of 38 ships, together with the 15 ships of its partners providing services across the English Channel in an international pooling arrangement (Société Nationale des Chemins de Fer Français, Régie des Transports Maritimes Belges and Stoomvaart Maatschappij Zeeland of the Netherlands), operated on 23 routes and carried some 18·6 million passengers, 2·2 million accompanied passenger vehicles and 800,000 freight units.

BRITISH SHIPBUILDERS

The Secretary of State for Trade and Industry, Mr Norman Tebbit, announced in the House of Commons on 25 July (*Hansard*, Vol 64, No 200, cols 998-9) the Government's decision that British Shipbuilders should sell its warship-building interests. Substantial progress towards privatisation should be made by March 1985 and the process completed a year later. The Government's preference was for the shipyards in question to be sold separately or in small groups in order to achieve the maximum practical extent of fair competition.

British Shipbuilders would continue its disposal of other saleable assets. The Secretary of State had also asked it to set in hand contingency plans for a Stock Exchange flotation of some or all of the companies in case individual sales were not achieved. 'I believe that this will enable the corporation to pursue single mindedly its aims for its merchant shipbuilding business and to take the steps to improve efficiency on which its long-term future depends, while providing an assured competitive warship-building capacity.'

JAGUAR

Some 178 million shares, with a total value of almost £294 million, in Jaguar, BL's luxury car manufacturer, were offered for sale on 3 August. Because there were valid applications for well over eight times the number of shares on sale, only preferential applications – from employees of Jaguar and BL and from existing shareholders – were met in full. Allocation of the remaining shares involved substantial scaling-down of applications and an element of balloting.

Manufacturing Industry

Despite technological change and the growth of the service sector, Britain still needs to rely to a large extent on a healthy and competitive manufacturing sector, the Minister of State for Industry and Information Technology, Mr Kenneth Baker, told the Cambridge Manufacturing Forum on 5 July.

Position of Manufacturing

Mr Baker said that there had been major shifts in the position of manufacturing in the economy. In 1982 the share of manufacturing production in total output had fallen to 24 per cent from 30 per cent in the early 1970s. This had been a long-term trend before the recent recession and the growth of oil production from the late 1970s, although both factors had hastened the process. Also, the proportion of the total workforce employed in manufacturing had fallen from about 35 per cent in the early 1970s to 25 per cent in 1983. The ratio of service jobs to jobs in manufacturing rose from 1·37 in 1969 to 1·74 in 1975 and 2·29 in 1982, a trend common to most other industrialised countries.

Another significant shift had taken place in Britain's export performance in manufactures. While the deficit of £2,000 million in Britain's trade in manufactures in 1983 caused some alarm, it had to be seen in the context of four significant facts. First, it had to be judged against the background of world trade in manufactures as a whole. Until the late 1970s Britain's share of world trade had been on a steady downward trend, but since then its share of world exports had been broadly stable. Secondly, the major gains in manufacturing productivity (about 20 per cent since 1980) and the steady rate of inflation had helped Britain to recoup a major part of its cost competitiveness (which had improved by about 20 per cent over the last three years). Thirdly, the deficit reflected an increase in imports by manufacturing industry itself. Consumer goods accounted for only about 25 per cent of imports of manufactures; the remainder consisted overwhelmingly of semi-manufactures, components and capital goods for use in industry. Fourthly, given the country's surplus in oil and invisibles, the continuation of a surplus on trade in manufactures would have implied a very large current account surplus and therefore equally large exports of capital (which would have gone well beyond a sensible objective of a sound overall balance of payments). In contrast with Britain's balance of payments difficulties during much of the last 50 to 60 years, the country had been in current account surplus in six of the past seven years.

Oil Output

Countering those pessimists who suggested that, with the manufacturing sector in decline, Britain would be bankrupt when the oil ran out, Mr Baker said that current central estimates suggested that oil output would peak either in 1984 or in 1985 and that the country would be self-sufficient in oil for about the next ten years. However, tax

changes in the 1983 Budget (see p 132, 1983) had been followed by an upsurge of interest in North Sea exploration and appraisal activity, which had never been greater than at the present time. It had been suggested that Britain would remain self-sufficient in oil until the end of the century, and the gradual pace of the fall of oil output would provide a 'window of opportunity'. Furthermore, the large current account surplus, together with the lifting of exchange controls, had allowed Britain to build up its overseas assets to soften the effects. Net overseas assets had exceeded liabilities by £55,000 million at the end of 1983, a nearly fourfold growth in the excess since 1979. The interest, profits and dividends on these assets would ensure a steady stream of foreign currency earnings to help to replace the oil. Added to this, the massive growth in service and new technology industries would, the Minister believed, create wealth for the country on a scale comparable with the old manufacturing industries, but not necessarily employment to the same degree. There was, however, no doubt that manufacturing would continue to be the mainstay of employment and wealth creation in Britain. Comparing the two sectors, Mr Baker said that the vital importance of the service sector in Britain and other industrialised countries could not be discounted. In 1981 manufacturing had a 22 per cent share of output in the United States compared with 65 per cent for services. In France, Japan and Italy manufacturing accounted for less than one-third of total output.

Improvement in Manufacturing

Lasting recovery could only come through a permanent improvement in manufacturing. The Government's policy was not to preserve every manufacturing firm and every manufacturing job regardless of market demands, but to create the conditions which would encourage and assist industry itself to adapt and to be competitive. Over the past five years a financial policy had been pursued that aimed at ridding society of the endemic inflation that had destroyed its ability to compete. Inflation had fallen from 18 per cent in 1980 to about 5 per cent and was expected to fall further during the second half of this year. As a result, bank base rates were nearly 8 percentage points below the peak of 17 per cent reached in November 1979. Each percentage point was worth £250 million in a full year to business. Productivity in manufacturing rose by around 6 per cent in both 1982 and 1983 and was currently at record levels. Manufacturers' unit labour costs rose by only 3 per cent last year, the smallest increase since statistics were first compiled in 1970. The Government had removed barriers to the free working of markets: pay, price (see pp 162-3, 1979), dividend (see p 176, 1979) and hire purchase controls (see p 274, 1982) – as well as exchange controls (see p 162, 1980) – had been abolished, action on local government expenditure had curtailed the increase in rates (see pp 307-8, 1983), and since April of this year rates were no longer being charged on empty industrial property.

Budget Assistance

Tax changes announced by the Chancellor in the Budget (see pp 121-3) would further enhance industry's economic efficiency. The rates of corporation tax were being sharply reduced: the small companies' rate had been cut from 38 per cent to 30 per cent while the main rate was coming down progressively from 52 per cent to 35 per cent. By 1986 Britain would have one of the lowest main corporation tax rates in the industrialised world, which would mean that investment decisions would be taken on economic grounds. Tax would no longer be a major consideration, and a reasonable post-tax rate of return would be available on successful projects. Inevitably, as with all major changes, there would be losers, and some people had complained that manufacturing, which was highly capital intensive, would lose from the withdrawal of accelerated capital allowances and stock relief. Overall, however, businesses would gain from the changes, which, once they had worked through, would mean that companies paid substantially less tax than otherwise. The Budget had also included the abolition of the National Insurance surcharge (see p 122), a 'tax on jobs'. It had made a major change in the incentives for personal initiative and commitment to success by a new tax regime for share options. For the first time since 1974 employees would be able to acquire significant shares in their companies without the severe tax penalties the earlier regime had inflicted on them.

Privatisation

Britain needed an enterprise culture, a will to pursue innovative flair, competitive production and imaginative marketing. The Government's commitment to removing major sectors of the economy from the 'dead hand of the public sector' and the opening-up of competition in areas such as telecommunications was the only way of achieving this. Privatisation was not party dogma, Mr Baker said, but a logical extension of the Government's belief in the value of competition. Transferring activities from the State to the private sector also freed them from the taxpayer, who had to subsidise their loss-making operations. The spur of the impending return to 'the real world of the competitive market place' had undoubtedly been behind the dramatic improvements in the performances of BL and British Airways. The records of Cable and Wireless, Amersham International and the National Freight Corporation since privatisation showed that competition bred success.

Technical Innovation

Government assistance for innovation in high technology and traditional industries had trebled in real terms since 1978 to over £300 million a year. At the same time the Government had moved from handing out subsidies to ailing industries in order to keep them going, to becoming a catalyst for change and increased competitiveness. In 1977 the Government estimated that only 5 per cent of manufacturing firms were using, or planning to use, microelectronics in their products or processes. By 1981 that figure had risen to 30 per cent and by last year to 47 per cent.

Those firms still hanging back were mainly small and in traditional trades and industries, and the Government was directing its efforts towards them now.

Advisory Services

The Government's Manufacturing Advisory Service had assisted more than 5,000 firms and it was estimated that savings of about £200 million had resulted from advice provided by the service. The Design Advisory Service and Quality Assurance Advisory Service had had a similarly successful record.

Quality Control

The Government had launched the National Quality Campaign (see p 173, 1983) to promote the non-price aspects of competitiveness, such as reliability and after-sales service, to a wider audience in industry. Through the co-operation of representative organisations the Government would be communicating with almost every company in Britain's industrial sector. The disciplines of quality management would be promoted, and to back this the Government was developing the full range of certification schemes. Another crucial area was advanced manufacturing technology (robotics, computer-aided design and manufacture and flexible manufacturing systems) and government initiatives in this area, consolidated as a single Advanced Manufacturing Technology Programme, had already resulted in investment by industry of some £160 million. Mr Baker said the Government recognised the importance to the economy and the nation's prosperity of manufacturing and was playing its part in the drive to restore it to the forefront of world industry. Current economic developments had shown an inevitable trend towards fewer people employed in manufacturing in Britain, but it would continue to play a central part in the British economy. While it was not the Government's task to retain manufacturing artificially, it would seek to ensure that the country had a competitive manufacturing sector.

Information Technology

The Government's proposed policy framework for ensuring that Britain is well placed to develop and exploit business opportunities arising from developments in information technology is contained in its response, issued on 24 July,[1] to the report of the Information Technology Advisory Panel in 1983 (see pp 381-2, 1983). The Prime Minister, Mrs Margaret Thatcher, has given the Minister of State for Industry and Information Technology, Mr Kenneth Baker, special responsibility for co-ordinating activities concerning 'tradeable information', to ensure a greater degree of inter-departmental co-ordination of policies and to focus action on the release of government information for business use.

Approval for some 35 co-operative research projects in that section of the Alvey programme of advanced information technology dealing with 'very large-scale integration' (designed to establish the technology required for the next generation of silicon integrated circuits) was announced on 9 August.

[1] *'Government Response to the ITAP Report on 'Making a Business of Information'.* Department of Trade and Industry. HMSO, £1·75. ISBN 0 11 513757 2.

POLICY FRAMEWORK

Size of the Information Sector

The Government welcomes the Panel's report which it says has 'rightly focused on a new and potentially significant area of business activity'. Its response says that the communications sector is estimated to have an annual turnover of £15,000 million and a recent United States estimate for the world market for databases was some $13,000 million, of which 80 per cent was in the United States. There are estimated to be about 1,900 on-line databases available world-wide from some 270 providers, and involving over 900 database producers. Some 77 million references are available for on-line search and this is growing by about 8·7 million a year. In Europe bibliographic on-line data retrieval services have been growing at about 30 per cent a year. In Britain some 100 databases are produced by 70 organisations, while some £4 million to £8 million was spent on on-line search services in 1983 when in the more traditional book publishing sector sales plus receipts from royalties amounted to £1,300 million. Significant opportunities are being created for new businesses and activities based on the provision of information, for example, the development of the market for Prestel (Britain's public viewdata service, the world's first, inaugurated in 1979 – see pp 124-5, 1979), the growing routine use of database and bibliographic searches, and on-line travel bookings.

Development

The Government attaches a high priority to stimulating the development and application of information technologies. Since 1979 a wide-ranging programme of support has been pursued under the Department of Trade and Industry's general Support for Innovation scheme (see pp 296-7, 1982) and through some specific schemes in areas such as fibre optics (see p 239, 1981), flexible manufacturing systems (see p 211, 1982) and robotics (see p 336, 1981, and p 337, 1983). In addition, there are the Alvey programme for advanced information technology (see p 170, 1983, pp 181-2 and p 234) and the ESPRIT scheme involving collaborative ventures on a European scale (see p 117). Information Technology Year 1982 (see pp 335-6, 1981) successfully increased the general level of awareness of new technology, while the Government's programmes for liberalising telecommunications (see pp 269-72, 1983) and for the development of cable systems and direct broadcasting by satellite (see pp 176-8, 1983, and pp 183-6) are creating significant new opportunities for Britain's electron-

ics industry. The impact of new technologies is already very widespread and has prompted considerable changes in the way people use, handle and store information.

However, the Government agrees with the Panel that 'more attention needs to be paid to the information itself'. Britain is well placed to play a major role in this new sector: 'the widespread acceptance of the English language, particularly as the first scientific and technical language, our strong cultural and historical traditions, our strengths in the relevant technologies and improvements in the quality of our telecommunications networks are all factors which place the UK in a strong position'. The Government shares the Panel's view that education and training make a vital contribution to the development of information technology. A number of schemes are designed to enable schools to keep pace with changes in the way information is handled (see pp 142-4). By the end of 1984 the Department of Trade and Industry's Micros in Schools schemes will have helped virtually every primary and secondary school in Britain to buy at least one microcomputer, and most have several more. The Microelectronics Education Programme in England, Wales and Northern Ireland and a similar programme in Scotland, the Scottish Microelectronics Development Programme, are training teachers in new technologies, developing databases and producing software and materials for a wide range of subjects.[1] The British Library has an extensive programme of research, the results of which are aimed at training school-children to appreciate the value of information and to handle it efficiently in traditional and non-conventional forms. A significant amount of high-quality course material and software, developed under the Microelectronics Education Programme and by commercial software producers, publishers and broadcasters, is becoming available.

Role of the Government

The Government's response says that 'the principal responsibility for exploiting the new business opportunities in the information sector must lie with the private sector'. However, the Government accepts that it also has a significant role to play by creating an environment which enables the private sector to take full advantage of these new opportunities for profit. This process has already begun through its general programme of support for information technology, while on an international level Britain is playing a major part in discussions within the General Agreement on Tariffs and Trade and elsewhere on reducing the barriers to the international flow of trade in services (see pp 265-6) and is supporting developments such as the Euronet-Diane data transmission service (see pp 79-80, 1980). The Government has been vigorously supporting the development and promotion of technical standards in a number of areas. A specialist Information Technology Standards Unit within the Department of Trade and Industry has accelerated the development of 'local area network' standards and 'open systems interconnection' standards, both nationally and internationally. The first standards have been drawn up and products incorporating them are now available. The Government has been able to extend this activity elsewhere in Europe and, through the European Community, a programme of development and harmonisation of information technology standards has been initiated and will include the development of a network of test facilities for the standards and their use in public procurement.

The Government is supporting directly the development of a number of information-based activities through specific schemes, demonstration projects and other initiatives (see p 310). The Department of Trade and Industry has introduced an assisted purchase scheme for teletex equipment to enable users to benefit from the advantages of this method of high-speed text communication, while Project Hermes, an experimental teletex-based document delivery service, is intended to give information providers and users experience of handling text-based information in electronic form. A £5 million extension of the Support for Innovation scheme to assist the development of new commercial databases has been introduced.

The Government is a major supplier and user of information and thus influences the growth of the tradeable information sector. Many commercial concerns are already involved in selling information, such as statistical and market information, originating from government sources, and further developments are planned. For example, HMSO is making available to commercial interests a considerable range of information in electronic or machine readable form including *Hansard* and other publications; the Central Statistical Office's economic time series databank is marketed in computer readable form by SIA Computer Services; the Patent Office is discussing with Pergamon-Infoline the possibility of providing on-line access to patent information; the Companies Registration Office in England and Wales is conducting a major study into the feasibility of advancing computerisation of its facilities; and the Public Record Office is taking advice through the Government's Central Computer and Telecommunications Agency with a view to drawing up plans for a 'modern record data archive' in 1984-85.

A detailed review of two government departments is to be undertaken on a pilot basis to explore the potential for making more information available on a commercial basis, either directly or in collaboration with the private sector. As part of the review, the scope for departments to handle more information in machine readable form will be examined.

Copyright legislation is of great importance to the new information industries. Legislative measures to counter video piracy have been enacted with government support (see pp 76-7, 1983) and there are already indications that these are having an effect, while copyright issues arising from the expansion of cable television and direct broadcasting by satellite are being dealt with by the Cable and Broadcasting Act 1984 (see pp 183-6 and

[1]For further information see COI reference paper *Microcomputers in Britain's Schools*, No 239/84.

288). The Government intends to bring forward as soon as possible a comprehensive programme of copyright reform, balancing the legitimate interests of suppliers and users.

The Government agrees with the Panel that 'there would be advantage in a more concerted approach to the issues affecting the information sector'. It recognises the need for appropriate co-ordination of the different parts of the Government with responsibilities in this area. The Prime Minister has therefore decided to give the Minister of State for Industry and Information Technology in the Department of Trade and Industry special responsibility for co-ordination of activities concerning the tradeable information sector. This new arrangement is expected to provide a greater degree of inter-departmental co-ordination of policies, and create a focus for carrying forward the various measures being implemented.

ALVEY PROGRAMME

The approval of the Alvey Directorate for 35 co-operative research projects (costing a total of £63 million) in the 'very large-scale integration' (VLSI) part of the Alvey programme of advanced information technology was announced by the Minister of State for Industry and Information Technology on 9 August. The projects, which aim to establish the technology required for the next generation of silicon integrated circuits, form part of the VLSI programme designed to research new materials and processing techniques required to reduce the size of the individual components in silicon integrated circuits and to develop advanced techniques for their interconnection on the microchip. It would allow up to 1 million components to be fabricated on a single silicon chip, thereby increasing the storage capacity, and would also enable the speed of the circuits to be greatly increased. The 35 projects involve 15 different firms, ranging from major semiconductor companies to small equipment manufacturers, and 24 universities and polytechnics and other research institutions. Mr Baker said that this was a 'major programme of work in the vital field of VLSI technology', which would 'help to keep [the UK] up at the forefront in key areas'.

Trade Union Act 1984

The Trade Union Act 1984, which has been given the Royal Assent, represents a further stage in the Government's reform of industrial relations.

The Trade Union Act became law on 26 July. Most of its provisions are substantially the same as when the Bill was given its second reading in the House of Commons in November 1983 (see pp 436-8, 1983), although there have been a few important amendments – notably, the requirements for a postal ballot in elections for executive committee members of unions, unless certain guidelines can be met, and for unions to compile and maintain an accurate and up-to-date register of their members' names and addresses. The Act also places a duty on employers who have arrangements for deducting trade union subscriptions from their employees' pay on behalf of a union (the 'check-off' system) not to continue to deduct the political levy from any employee who certifies that he or she has contracted out of paying the levy.

In a statement on the Act the Secretary of State for Employment, Mr Tom King, said that it was a '. . . major advance for the cause of union democracy. For the first time ordinary union members will have a legal right to a secret ballot in national union elections and in deciding whether to have a political fund. And . . . any union that calls a strike without first obtaining the support of those concerned in a secret ballot will lose its immunity from court action. All these measures have one common aim – to return the unions to their members.'

The Act is a further step in the gradual reform of industrial relations which the Government began with the Employment Act 1980 (see pp 21-3, 1980) and continued with the Employment Act (see pp 78-80, 1982).[1]

Provisions of the Act

The Act requires trade unions to ensure that all voting members of their executive committees are directly elected at least once every five years through elections which must be conducted by secret postal ballot unless the trade union can be satisfied that a workplace ballot (the only permitted alternative) will be secret and free from any interference or constraint, will provide a convenient opportunity for members to vote during, or immediately before or after, working hours without direct cost to themselves, and will be one in which voting is by the marking of a ballot paper and in which votes are fairly and accurately counted. Trade unions are also required to compile and maintain an accurate and up-to-date register of their members' names and addresses.

The Act makes it a condition of legal immunity that trade unions do not organise strikes or other industrial action without first ascertaining by a ballot held not more than four weeks before the action begins that a majority of those voting wish to take such action. Ballots on strikes and other industrial action must be conducted by post or at the workplace, involve the marking of a ballot paper, be secret, and be followed by an announcement of the voting figures to the members concerned.

Any trade union which has adopted a resolution to maintain a political fund under the Trade Union Act 1913 must pass a new resolution by means of a secret ballot of all its members at intervals of not more than ten years if it wishes to continue to spend money on party political matters. The Act updates the provisions of the 1913 Act by providing that the Certification Officer for Trade Unions and Employers' Associations will not

[1]For further information on industrial relations before the passing of the present Act see COI reference papers *Industrial Relations in Britain*, No 187/83 and *Trade Unions in Britain*, No 185/83.

approve rules for political fund ballots unless they are conducted either by post or at the workplace. It also updates and clarifies the 1913 Act's definition of the political objects on which a trade union may spend money, provided that it has the authority of its members to set up a political fund (which must be kept separate from other union funds). Employers who have 'check-off' arrangements for deducting trade union subscriptions directly from their employees' pay must not continue to deduct the political levy from any employee who certifies that he or she has contracted out of paying the levy.

Implementation

Work on the registers of members must be completed by the time the remaining provisions on union elections come into force towards the end of 1985. The provisions on strike ballots come into effect on 26 September 1984, and will apply to any industrial action initiated after that date. The provisions on political funds come into effect on 31 March 1985, and will require that all trade unions with political funds must hold review ballots by 31 March 1986, unless they have already balloted their members in the previous ten years.

Road Passenger Transport Services

Major measures to promote competition in local bus services are described in a White Paper, issued on 12 July.[1]

In a statement in the House of Commons (*Hansard*, Vol 63, No 192, cols 1381-2), the Secretary of State for Transport, Mr Nicholas Ridley, said that bus passengers and taxpayers were not being well served by current local bus services. Fares and subsidies had risen, while services and usage had declined. The discipline of competition in the market place could bring great increases in efficiency and cuts in fares, as had been shown by the deregulation of coach services in 1980 (see pp 383-5, 1979). Legislation would be introduced at the earliest opportunity to remove restrictions on competition in local bus services; road service licensing would be abolished throughout Great Britain, except for the time being in London where new operational arrangements had just been introduced (see pp 22-4). Rural communities would benefit from these policies and, in addition, there would be two special measures to aid rural transport: a transitional grant paid to operators and a special fund to finance innovation. The structure of the bus industry had to be changed to remove the dominance of very large public sector operators and allow competitors an opportunity to enter the market. Passenger transport executives would be required to break down their operations into smaller units as separate companies and the National Bus Company would also be reorganised into smaller parts which would be transferred to the private sector. Opportunities for operators of taxis and licensed hire cars would be widened by introducing new rules enabling them to carry several passengers at separate fares in certain circumstances. These changes would reverse a policy of protection which had lasted for over 50 years, but which was now producing 'high-cost and inadequate services'. The Government's proposals would 'give the opportunity for the many able managers in the bus industry and for others with enterprise and initiative to offer better services to the public at less cost'.

[1] *Buses*. Cmnd 9300. HMSO, £5·85. ISBN 0 10 193000 3.

WHITE PAPER

The White Paper says that over 10 per cent of all journeys in Britain are made by bus and three-quarters of these journeys are for essential purposes, such as journeys to work or school. Most journeys are made by people living in the 39 per cent of households who do not have the regular use of a car. However, despite the need for public transport and the substantial financial support provided by central and local government, local bus services have been contracting for many years. Since 1953 (when bus travel accounted for 42 per cent of total travel) bus and coach passenger-kilometres have halved. The big rise in car ownership has changed patterns of personal travel and made it more difficult to provide good public transport. Rural transport has become costly and sparse, while in some major cities the cost of subsidising public transport has become unacceptable. In Britain as a whole revenue support has risen from £10 million in 1972 to £520 million in 1982, a thirteenfold increase in real terms. In the period from 1930 to 1980 local bus services had been governed by a highly restrictive licensing system. The belief had grown up that the way to provide comprehensive public transport was to protect existing operators so that profits from popular routes could cross-subsidise services for which there was less demand. The result had been 'to maintain a pattern of services developed for a different age and to neglect the best parts of the market'. In 1980 the Transport Act began to remove the barriers to competition by making it easier for operators to run new services, but 'it is now time to go further'.

Structure of Bus Operation

Nearly all local scheduled bus services in Great Britain are provided by public sector operators: the passenger transport executives in the metropolitan counties, district councils, the National Bus Company, the Scottish Bus Group and London Regional Transport. The White Paper casts doubt on the efficiency of the present structure and points out that costs of private sector operators are below those of public sector operators, possibly by 30 to 40 per cent. The structure of public sector bus operation is an obstacle to the provision of bus services which the community needs, and the Government has therefore decided that there should be changes to the structure to ensure fairer competition between public sector operators and with the private sector. It proposes that any bus undertakings of a district council should be

incorporated into a company owned by the council, which would then be able to privatise the company if it wished. Bus operations of the passenger transport executives would be restructured into smaller units and then turned into companies as soon as possible.

The Government sees no good reason for local bus services to be provided by a national corporation or for such services to be the virtual monopoly of the public sector. It therefore intends to transfer the operations of the National Bus Company to the private sector, but does not believe that the Company should be privatised as a single entity. The Company's board would have a duty to reorganise the undertaking, in consultation with the Secretary of State for Transport, into parts which could be disposed of as individual companies.

Road Service Licensing

The White Paper says that, although there was opposition from important sectors of the industry, the Transport Act 1980 (which abolished road service licensing for long-distance coach services on which passengers travel at least 30 miles – 48 km) has 'certainly been justified'. Research by the Transport and Road Research Laboratory indicates that between 1980 and 1983 fares on these services fell on average by 40 per cent in real terms and 700 new services were introduced. The Act also made provision for county councils to set up trial areas in which licensing is abolished. Three counties – Devon, Hereford and Worcester, and Norfolk – have taken this opportunity and the experience shows that there have been benefits. The Government now proposes to extend the successful deregulation of long-distance bus services and of services in the trial areas by abolishing road service licensing throughout Great Britain except in London. It believes that abolition of licensing would bring substantial benefits, with passengers on many services paying lower fares, costs of services declining and a greater variety of services offered.

Safeguards

Safeguards would be imposed to ensure that unacceptable practices did not occur. Operator licensing would continue and the licensing authority would be given new powers to stop operators found to be using unacceptable practices from running local services. All operators wishing to run local services would be required to register the routes and timing of their services with the licensing authority and give adequate notice of withdrawal. Competition in local bus services would call for particularly careful supervision of operators and their safety standards. For this reason it is proposed to strengthen the law to allow new conditions to be attached to licences of operators of local services. A high priority would be given to checking maintenance facilities and the mechanical condition of vehicles. Traffic commissioners are responsible in each of the traffic areas for licensing local bus services and operators of public service vehicles. Following the abolition of road service licensing, it would no longer be appropriate to retain the commissioners and it is therefore proposed to unify the authority for licensing operators of goods vehicles and of passenger vehicles.

Social Needs

At present county councils are required by law to co-ordinate public transport, but the Government does not believe that such comprehensive planning is appropriate for services which can be provided commercially. It therefore intends to change the present duties of county councils to one requiring them to secure the efficient provision of such transport services as they believe necessary, after due consultation, but which are not provided by a free market. The method by which local authorities often pay bus operators revenue support for a large network of bus services conceals from ratepayers and taxpayers the true cost of individual services provided. Subsidies could be used more efficiently if there were competitive bids. The Government would therefore require local authorities to invite operators to tender for contracts to run those services which are subsidised.

In the more sparsely populated rural areas the decline of bus services causes special concern. The Government proposes supplementary measures to help county councils to modernise and improve rural transport services. A grant would be introduced to encourage new transport schemes for rural communities. In England the grant would be for up to £1 million a year and would be administered by the Development Commission (see pp 272-3); similar arrangements would apply in Scotland and Wales. Competitive tendering would achieve much better value for money, but as the full benefits would not be realised immediately, the Government would make available additional help to maintain vital rural services in this transitional period. It would be in the form of a special grant for four years payable to operators of eligible services – up to £20 million in the first full year, and at a lower level thereafter.

Taxis and Hire Cars

Taxis and pre-booked hire cars have become an increasingly important form of passenger transport. The White Paper says that it is right to consider whether they could play additional roles in the new markets that would be opened up by the relaxation of bus licensing. Studies suggest that on lightly-used routes (where there are insufficient travellers to warrant the operation of ordinary buses), services might be operated more economically using taxis as buses, while there is also room for a higher-quality service than the conventional bus service if taxis could be shared. The Government intends to make such services possible by allowing taxis and hire cars to carry passengers at separate fares and it would consult interested bodies on the arrangements.[1] Until such arrangements, taxis and hire cars would have to be subject to adequate quality control to ensure necessary safety standards, and the right to carry

[1]The Department of Transport issued on 13 August a consultation paper on proposed changes affecting taxis and hire cars. The paper is available from Taxi Section, Passenger Transport Division, Department of Transport, 2 Marsham Street, London SW1P 3EB.

passengers at separate fares would be extended only to licensed vehicles. The Government also proposes provisions to relax, progressively, restrictions in some areas on the number of taxis.

Airline Competition Policy

The Government is considering a report of the Civil Aviation Authority (CAA) on airline competition policy which contains recommendations affecting the future competitive balance of British aviation including the transfer of a number of British Airways' routes to other British airlines.[1]

The report, published on 16 July, has been produced in response to a request by the Secretary of State for Transport in December 1983 that the CAA should review the implications of privatising British Airways (see p 26) for competition and the sound development of the British airline industry.

Policy Objectives

The report says that the Government's policy objectives for British civil aviation have evolved from a starting point in the years following the end of the second world war in 1945 when three public sector air corporations shared a virtual monopoly. Since then governments have increasingly provided for the entry of private sector airlines into the airline industry, initially on a small scale, but with growing opportunities as the private airlines discovered new markets and grew in strength. The CAA believes that the national interest continues to be best served by a competitive environment for the British air transport industry with a number of airlines and this policy implies the continuation and, if necessary, the expansion of opportunities for other airlines to enter the markets served by British Airways. It points to the substantial disadvantages of having only one major international airline, as such an airline operating within a closely regulated framework of bilateral air service agreements would have less incentive to develop markets and introduce new services, and would tend to become a high-cost and high-fare operator.

Since the CAA came into existence in 1972, it has consistently sought to widen the opportunities for other airlines, but by 1982 British Airways still accounted for 65 per cent of output of the British airline industry (as measured in available tonne-kilometres): 81 per cent of scheduled services, reflecting British Airways' position as the sole British carrier on the majority of international routes, and 15 per cent of the inclusive tour charter market. Its dominant position is reinforced by its access to Heathrow Airport, which accounts for 45 per cent of terminal passengers, 26 per cent of air transport movements and 75 per cent by value of international freight traffic at British airports. Heathrow is the centre of a large network of routes and offers nearly 60 per cent more scheduled service departures and 14 per cent more destinations than its competitors in Europe. British Airways has substantial market power, arising from its size, new-found efficiency and its position as the only British airline allowed to operate international services from Heathrow. 'This market power is a major national asset where the British industry is in competition with foreign operators but cramps the development of other British airlines, some of which are also facing strong foreign competition.' However, the report says that there are limits to the extent that it would be sensible to diminish the competitive strength of British Airways' Heathrow network.

[1] *Airline Competition Policy*. Final report July 1984. CAA paper CAP 500. CAA, PO Box 41, Cheltenham, Gloucestershire. £3·90. ISBN 0 86039 219 8.

Capacity at London Airports

Capacity constraints at Heathrow and Gatwick airports impose major limitations on the scope for increasing competition between British airlines. The CAA has already had to deny some internal operators access to Heathrow for new competing services and for increased frequencies on other services. At Heathrow a limit of 275,000 air transport movements a year is due to come into operation when the fourth terminal now being built is opened late in 1985. However, the Government has said that it would review this limit and on 31 July issued a consultation document[1] setting out a number of options for implementing the limit. The CAA says that it would be useful for the Government to look again at whether the limit is really needed, given the substantial environmental improvements that have occurred around Heathrow and the further improvements due when a ban on the noisiest aircraft takes effect at the beginning of 1986. Similarly the CAA recommends that further consideration should be given to the restrictions currently limiting air services at Gatwick.

Proposed Transfer of International Services

The report says that opportunities for direct competition between British airlines on intercontinental routes are limited. There is a need for an alternative airline to British Airways which could replace it on a major international route should the need arise. British Caledonian (the largest independent scheduled service operator) is the only airline in Britain capable at present of filling this role. If its basic network were strengthened, British Caledonian would be in a better position to undertake a more extensive development of competing services from Gatwick than could otherwise be contemplated and at an earlier date. It therefore recommends the transfer from British Airways to British Caledonian of routes serving Harare (Zimbabwe), to be operated in conjunction with its existing service to Lusaka in Zambia, and Dhahran and Jedda in Saudi Arabia.

A more effective level of competition between British airlines on European routes from London will not be achieved until scheduled services are built up from Gatwick. Accordingly, the report

[1] *Heathrow Air Transport Movement Limit*. Available from Publication Sales Unit, Departments of the Environment and Transport, Building 1, Victoria Road, Ruislip HA4 0NZ. £1.

says that the CAA should carry further the pursuit of its present licensing policies so as to secure a greater market penetration for scheduled services from Gatwick to the main cities of continental Europe, even at some expense to British Airways' corresponding services from Heathrow. It also suggests that scheduled services currently operated by British Airways from Gatwick (12 services to destinations in Spain, Portugal, Italy and Scandinavia) should be transferred to other British operators.

A number of the independent scheduled airlines have suggested that British Airways should withdraw from the operation of international services from provincial airports so as to give greater opportunities to independent airlines. In this context the CAA concludes that the sound development of the industry in the longer term would be furthered if British Airways' European routes from points outside London were made available, either singly or in groups, to other British airlines.

British Airways' Domestic Services

The report says that there is a powerful case for allowing other British airlines to compete with British Airways on its domestic trunk services to Heathrow wherever this would be consistent with the CAA's normal licensing policies. Such direct competition would be in the public interest and would provide valuable opportunities for other British airlines to tap Heathrow's dominant traffic potential. The CAA recommends to the Secretary of State for Transport that, in considering his policy for future access to Heathrow, he should make provision for these competing services, even if it necessitates some reduction in British Airways' frequencies and some reallocation of peak-hour services.

Future Role of British Airways

The direct effect of implementing the route transfers proposed in the report would be to reduce British Airways' scheduled service revenue by some 7 per cent, while greater competition from other British airlines from these changes could further reduce this revenue by up to 4·5 per cent. Nevertheless, British Airways would remain the largest single British operator, enjoying a dominant position among British airlines. Its prime task should be to maximise its profitable penetration of international airline markets; at present in the majority of markets served by British airlines the British share of revenue is less than 50 per cent, while British Airways has a smaller share of interconnecting traffic at Heathrow than some of its main international competitors have at their home bases.

Domestic Air Services

The CAA has decided to modify its policy on domestic air services with a view to issuing a formal proposal for an 'area operating facility' which airlines may apply to have added to their existing licences for domestic scheduled services; the effect would be to allow British airlines to serve any domestic route within Britain except those specifically excluded (such as those to Heathrow and Gatwick). This new area operating facility would run initially on a two-year experimental basis. The CAA has also decided to suspend the detailed regulation of domestic air fares, but will still require fares to be filed with it so that it can intervene to prevent predatory or monopoly behaviour by airlines.

Building Societies

The provision of a secure personal savings service and the granting of loans to home buyers should remain the primary function of building societies, according to a document published recently by the Government for discussion. The Government believes, however, that there is scope for widening building society powers to enable them to offer a greater range of services. Changes in the building societies legislation to allow this are being considered by the Government, to give further encouragement to home ownership and to broaden competition in financial services to the benefit of all who use them.

The Government's proposals are set out in a consultative document[1] published by the Treasury on 23 July. The status of individual proposals varies widely: some, like those concerning the prudential framework, assets and interest rate arrangements, are firm proposals; others, such as most of those relating to new functions, are put forward for discussion without government recommendation. The suggested changes to the constitution of societies cover an area where a large range of views is held and the Government is prepared to modify some of its proposals in the light of representations received. Comments on the document are to be submitted to the Government by 15 October.

Introduction

The Green Paper says that the building societies' primary task should continue to be the provision of a secure personal savings service and the granting of loans for house purchase. In a foreword, the Chancellor of the Exchequer, Mr Nigel Lawson, notes that 'over the years, they [the building societies] have been highly successful both in offering a safe haven for people's savings and in lending money to enable people to buy their own homes. The building societies have performed a key role in increasing the proportion of home ownership [in Britain] to over 60 per cent. Since 1980 alone, their assets have risen by more than 30 per cent in real terms to a massive £86 thousand million. [However,] the law that governs building societies ... imposes limits on the business that they can do which in many cases make little sense today. As the pattern of housing has changed, people have looked to the societies to provide a wider range of improved

[1] *Building Societies: A New Framework*. Cmnd 9316. HMSO, £4·85. ISBN 0 10 193160 3. There are two appendices, one containing selected statistics on building societies and another giving a fuller discussion of points made in the document on investor protection.

services. But they have been constrained by their outdated legal framework from doing so.'

From their eighteenth- and nineteenth-century origins, the societies have grown to such an extent that there were over 6,670 building society branches in 1983. They have also become more relevant to the formulation of the Government's monetary policy: too rapid an increase in building society liabilities and lending could, for instance, adversely affect government plans for the control of money supply.

New Functions

Societies should be able to offer their members[1] a fuller range of personal banking and money transmission services (such as cheque accounts and cheque guarantee cards), the Green Paper suggests. They have encountered difficulties when attempting to provide a larger variety of services: for example, they have not been able to enter into reciprocal arrangements with each other or with other financial institutions for supplying, say, an encashment and paying service for each other's customers. The Government argues that financial institutions should be able to compete on equal terms in the personal banking and money transmission field, and that any unjustified impediment in the building societies legislation should be removed. It would be necessary, therefore, to extend to societies, insofar as they were undertaking banking business, the same legal protection given to bankers, and appropriate cheque-clearing arrangements would have to be made.

In addition, it is suggested that the societies should be able to provide integrated house-buying services, as recommended by the Building Societies Association in its report *New Legislation for Building Societies* (see pp 99-100). This would increase competition and the range of choice open to consumers, although it could also lead to conflicts of interest where a society was acting in more than one capacity for a client. The Government has already announced that in future solicitors employed by societies would be allowed to offer conveyancing services and in the consultative document it says that structural surveys of properties could be carried out by the societies for members and prospective borrowers. The Government is inviting suggestions on how conflicts of interest that would arise if societies also undertook estate agency work might be resolved. It is also considering the idea of societies being able to act as agents for certain other organisations in providing collection and payment services, for example collecting local authority rent and rates, and bills for public utilities. This proposal would enable the societies to make fuller use of their branch offices and provide a convenient new service for the general public. The societies might also offer agency services in the housing field, such as advice services on home ownership and home improvements; a mortgage management service on behalf of other lenders (for example, local government authorities); and the management of property investments. Some of these suggestions would lead to services being supplied to non-members and hence a fundamental change in the nature of building society operations (the societies have traditionally existed to provide services to their members).

The Government would welcome views, too, on whether societies should be able to act as insurance brokers or agents or to offer other financial services, including arranging for the purchase or sale of securities and providing more general financial and investment advice. The document says that these proposals, if acted upon, would help to foster more effective competition in a rapidly changing market for retail financial services.

The Prudential Framework

The Government plans to amend the Building Societies Act 1962 (see pp 99-100) so that the raising of funds from investing members for lending on mortgage should be the primary, but not the sole, purpose of societies; under the proposed new legislation, they would also be able to carry out a number of specified related activities. Three general statutory constraints would, however, apply: at least 90 per cent of lending should continue to be in traditional first mortgages to home buyers; no more than one-third of total assets should be liquid assets; and a minimum of 80 per cent of funds would have to be raised from individual members, leaving up to 20 per cent to be obtained from money market and other sources. All permitted activities and numerical limits would be variable by order, subject to parliamentary approval.

Specific duties would be laid on the boards of societies, including requirements to maintain adequate reserves, liquidity and management for their business; the Registry of Friendly Societies will be issuing detailed discussion papers on prudential criteria. The main power of the Chief Registrar of Friendly Societies (who supervises building societies) would be the granting and revocation of authorisation to operate. The Government also considers that there is a case for a new intermediate power to enable the Chief Registrar to impose conditions on a society for continued authorisation and it will be reviewing the procedures and safeguards surrounding the exercise of these powers. If the new powers led to higher costs for the Registry, legislation would provide for their recovery from increased fees charged to all registered bodies (including friendly societies and industrial and provident societies as well as building societies). The document also suggests that participation in the building societies' investor protection scheme should be made compulsory for all societies and put on a fully statutory basis. (At present the scheme underwrites deposits in all building societies in full, shares in contributing societies up to 90 per cent of the shareholding, and shares in other societies up to 75 per cent, subject to the limit on the total funds of the scheme.)

Assets

It is proposed that building societies' commercial assets, as distinct from liquid and fixed assets,

[1]Building societies are mutual institutions owned by their investing and borrowing members rather than by equity shareholders.

should be divided into three classes, each subject to slightly different constraints. The current special advances limit (restricting loans exceeding £60,000, or of any amount to corporate borrowers, to 10 per cent of total lending) would be repealed. The three groups of commercial assets, classified by the nature of the business involved, would be: mortgage loans to individual owner-occupiers (Class 1); other forms of secured lending to, for example, housing associations and on second mortgage or equity mortgage (Class 2); and new types of asset, in particular unsecured loans and equity (Class 3). A society's spread between asset classes would be subject to limits, with at least 90 per cent of its commercial assets having to be in the form of Class 1 assets; no more than 10 per cent being permitted in the form of Class 2 assets; and only 5 per cent, within the 10 per cent available for Classes 2 and 3, in the form of Class 3 assets. Most Class 3 assets would be available only to societies with free reserves of more than £3 million and would be of three broad types: unsecured loans to individuals which could not exceed £5,000; land and property for development, sale or letting; and investments in subsidiaries or associates, whether housing associates or companies providing money transmission and similar services.

Comments are invited on whether building societies should be allowed to operate in other European countries.

Constitution and Accountability

The document suggests that information in the annual report and accounts of societies should be extended and made available to members on request. A simplified financial statement would have to be circulated to members with shareholdings of £100 and more who would be entitled to participate fully in a society's affairs. The annual return to the Registry of Friendly Societies would become a more detailed, but confidential, document.

A number of other constitutional changes are proposed. For instance, the document says that there should be a statutory right for members to propose ordinary as well as special resolutions to annual general meetings, with resolutions being circulated provided that they had been seconded by a minimum of ten members of at least two years' standing. Any threshold shareholding for prospective candidates for election to boards would be limited to £500; candidates should be seconded by at least ten members of two years' standing or more. Co-opted directors should have to submit themselves for re-election at the earliest annual general meeting. It is a firm government intention that an age limit of 70 for directors will be introduced on 1 January 1987. The provisions in the Companies Act 1980 relating to loans to directors and their families should be carried over to building society law with suitable modification and there should be limits on the business placed with firms in which directors of a society have interests.

The Government believes that borrowing as well as investing members must possess the right to vote in mergers; comments are sought on what majorities ought to be required for approval of mergers and on whether the board of one society should be able to approach the members of another with a merger proposal. There should be a procedure under which a society could convert to company status with the approval of its members, subject to adequate protection for existing borrowers and recognising the need to be able to satisfy the Bank of England's criteria for a licence to take deposits after conversion.

The Interest Rate Arrangements

Until October 1983, the Building Societies Association recommended basic rates of interest to be paid on building society investments and charged on mortgages; after that date, recommended rates were replaced by advisory rates. When the restrictive trade practices legislation was extended to cover services in 1976, agreements between building societies relating to interest rates were exempted, although they were anti-competitive. The ending of the 'guideline system' (whereby the Association and the Government set guidelines for building society lending) in 1980 removed the original rationale for exempting the societies; it is proposed, therefore, that the exemption be withdrawn at the same time as new building society legislation comes into effect.

The Parliamentary Under-Secretary of State for Corporate and Consumer Affairs, Mr Alexander Fletcher, announced on 23 July that, from 1 September 1985, building societies would no longer be exempted from certain provisions of the Consumer Credit Act 1974 (see pp 176-7, 1974) which lay down rules on the form and content of credit advertisements so as to help borrowers to compare types of credit and credit terms (*Hansard*, Vol 64, No 199, written answers, col 484).

The Building Societies Association

The Building Societies Association has welcomed the publication of the government proposals which largely accord with the Association's own views expressed in its report *New Legislation for Building Societies*. Commenting on the Government's consultative document, the Association's chairman, Mr Herbert Walden, said on 23 July that the Government's recognition of the societies' primary role as specialists in the housing finance and personal savings markets was very much in line with the societies' own thinking as was the proposal to allow societies to offer a wider range of services in respect of housing and retail finance.

The Association will be seeking the views of its member-societies on the government proposals and will publish a full response in due course.

Investor Protection

Freedom for market forces to encourage competition, and a regulatory framework that would respond to international developments, were among the criteria for an acceptable system of investor protection put forward by

the Secretary of State for Trade and Industry, Mr Norman Tebbit, in a debate in the House of Commons on 16 July. Any regulatory framework should be designed not to inhibit change in the City of London, which makes a substantial contribution to Britain's overseas earnings.

Government View

The debate (*Hansard*, Vol 64, No 193, cols 49-114) provided an opportunity for the House to consider general developments in the financial services sector. Opening it, the Secretary of State warned against adopting a narrow view of investor protection, as though the interest of the investor was in conflict with that of the market. He hoped to present a White Paper on government policy towards these matters in the autumn as well as a Bill in the 1985-86 parliamentary session.

A number of recent events had brought the activities of the financial markets into greater prominence. These were: the reference of Stock Exchange practices to the Restrictive Practices Court; the subsequent proposals to exclude The Stock Exchange from restrictive trade practices legislation (see p 275, 1983); and the publication of the Gower report on investor protection (see pp 58-9). Together, they had set in motion 'a process of change and reform – both within The Stock Exchange and beyond it – more radical than the City has seen for many years'.

After paying tribute to the work of Professor Gower, who had provided 'a unique anatomy of one of the world's major financial centres', Mr Tebbit announced five objectives for the financial services sector.

First, it should be able to provide services to British industry and commerce, to private investors and the Government in the most efficient and economical form and in a way that was fully competitive internationally. The City of London had 'some tremendous assets' including its location in a time zone between that of the American continent and that of the Far East, its long-established reputation for speed and ingenuity, and its freedom from exchange controls. The net contribution of the City to Britain's balance of payments was considerable.

Secondly, the Government wanted maximum freedom for market forces to stimulate competition and encourage innovation.

Thirdly, it was aiming for a regulatory framework which, far from being a cover for protectionism, was responsive to international developments. The best firms – big and small – in the City were well aware of the need to keep ahead of foreign competitors to prevent business from moving overseas.

Fourthly, the British financial services sector should be both competitive and seen to be above reproach. 'Our regulatory framework must command the confidence of users.' Without the confidence of potential customers, both in Britain and abroad, the financial markets would not attract the business they needed to prosper and develop.

Finally, the Government wanted a regulatory framework which could shape – but not cramp – the pattern of structural change in the City and which had the resilience not to be overrun by events.

Pointing out that government regulation often had an ossifying effect, the Secretary of State stressed the need for the rules eventually adopted to be robust enough to cope with developments in practice and technique. They had to be broadly based and appropriate for the whole range of dealings, both professional and general.

Mr Tebbit proposed to rely on market forces as much as possible in the attainment of his objectives for the financial services sector. He saw three requirements for their successful operation.

There should be a high standard of disclosure; market forces could not be effective without good market information. All relevant facts had to be expressed in a way enabling potential clients to make proper comparisons and draw the appropriate conclusions.

Also, there had to be rigorous application of competition policy. Practices which inhibited competition could be tolerated only to the extent that they were essential to provide reasonable protection against malpractice.

Finally, there would need to be vigorous enforcement of the criminal law, as contained in existing legislation and as it would be expressed in a simplified and clearer investment law.

'Those three elements will in my view go a long way towards meeting the objectives that I have outlined today, but alone they will not do enough to give investors the necessary confidence . . . . I am certain that confidence cannot be achieved without supplementary measures aimed at making fraud and near fraud less likely to occur.' Those involved in the investment business should be honest people with appropriate financial standing and relevant experience.

The Secretary of State expressed his preference for self-regulation of financial services, under which 'practitioners, close to the intricacies of their various businesses, run their own affairs. Such self-regulatory agencies can enforce not just the letter, but the spirit, of their rules; and they will, if we ensure that regulation is in their own best interests.' He hoped that small advisory groups of the kind recently established (see p 224) would advise on workable systems for the investment and insurance industries. He had already decided that the bodies should be few in number but comprehensive in coverage and that, though voluntary, should have a statutory backing.

Opposition Views

For the official Opposition, Mr Peter Shore expressed appreciation of the Gower report. He agreed that adequate investor protection was crucial to the success of the financial services sector but could find no evidence that those parts, such as general and life insurance, which were subject to statutory control were lacking in efficiency, and therefore competitiveness. Mr Shore favoured a new and more powerful Investor Protection Act. He also argued for an independent securities commission for 'the task of regulating the self-regulators'.

Mr Ian Wrigglesworth, for the Social Democratic Party, also spoke of his admiration of the

Gower report and went on to express his preference for a system of self-regulation under statutory control. An independent commission would be more appropriate for carrying out this control than the Bank of England or a government department.

Government Reply

Winding up for the Government, the Parliamentary Under-Secretary of State for Corporate and Consumer Affairs, Mr Alexander Fletcher, justified the Government's reliance on market forces for the regulation of financial services: 'I doubt whether a bureaucratic straitjacket can achieve any set of objectives more efficiently and effectively than market forces properly channelled. Market forces are the most powerful weapon for the protection of the investor, but they are not our only one. We recognise the need for conduct of business rules to make it more difficult for malpractices to occur in the first place.'

Shorter Notes

SMALL FIRMS AND JOB CREATION

A study of small firms has shown that they create jobs out of all proportion to their share of the labour market. The study was undertaken by Professor Colin Gallagher and H. Steward of the University of Newcastle upon Tyne, with support from the Economic and Social Research Council; a summary appeared in the 13 July issue of *British business*.

. It showed that, in the period 1971-81, 31 per cent of jobs in the sample were created by firms with fewer than 20 employees in 1971, accounting for only 13 per cent of total employment. Firms with 20-49 employees and those with 50-99 employees also created more than their proportionate share of jobs although the disparity was not so pronounced. Firms with more than 99 employees created jobs in numbers less than proportionate to their size. 'The [ratio] of job creation to employment suggests that, with some consistency, the smaller a plant is, the greater is its potential to create jobs .... Small firms perform very well in job creation compared to their actual share of employment. Job creation performance worsens with increasing size.'

The study stressed the need to bear in mind that the data were based on a specific period, 1971-81, during which many large firms might have been seriously affected by recession. The strong job-creating performance of small firms was correlated with their growing contribution in the economy as a whole during the 1970s, when their share of employment increased after 40 years of decline. The move from manufacturing into the services sector would also have helped the performance of small firms.

Welcoming the study, the Parliamentary Under-Secretary of State for Industry, Mr David Trippier, said that he was particularly satisfied with its conclusion that small firms should be encouraged by focusing on their contribution to the long-term creation of wealth through a healthy and balanced economy and not only on job creation. This was the approach that the Government had been taking, along with the fight against inflation and the encouragement of higher productivity. The results confirmed that enterprise was increasing as a result of this approach.

Sources: *British business*, 13.7.84; Department of Trade and Industry press notice, 12.7.84.

INMOS

The purchase of the publicly-owned shareholding in INMOS (a company producing advanced microelectronic circuits) by a major British electrical company, Thorn EMI, has been agreed in principle. The announcement of the purchase, at a price of £95 million, was made by the Secretary of State for Trade and Industry, Mr Norman Tebbit, to the House of Commons on 12 July. The public shareholding in INMOS is held by the National Enterprise Board (NEB), operating within the British Technology Group (BTG – see p 238, 1981). INMOS was set up in 1978 to produce standard microelectronic components (see pp 262-3, 1978).

Mr Tebbit told the House that the sale would meet the Government's objectives of ensuring the early transfer of INMOS to the private sector and of finding a private-sector source for the additional capital and support the company would need if it were to realise its full potential. Thorn EMI had expressed its determination to develop INMOS (it had the financial, technical and managerial resources to do so) and had assured Mr Tebbit of the importance it attached to fulfilling the aims of the company's management.

The Government's total investment in INMOS was £65 million, in addition to which certain guarantees had been provided. The Thorn EMI offer of £95 million for the NEB's share of the equity implied a value of some £125 million for INMOS. It offered a fair return on the Government's investment, and Thorn EMI would assume responsibility for the guarantees. The offer would be considered by the Director General of Fair Trading.

The Secretary of State paid tribute to the founders of INMOS and to the workforce, who had created a company with a most promising future in this advanced and fast-growing industry. It was their skill and dedication that had enabled the Government's investment to bear fruit. The transaction had the support of both the BTG and the board of INMOS, which considered that the participation of Thorn EMI would strengthen the company and help it to achieve its objectives. The board regarded Thorn EMI as the ideal partner. Mr Tebbit said that INMOS had found a strong and committed parent company, Thorn EMI had gained an attractive investment in a key industry of the future and the Government had secured a fair return on taxpayers' investment, which vindicated

support for the company and the continued development of INMOS technology within Britain.

Source: *Hansard*, Vol 63, No 192, cols 1374-9.

INDUSTRIAL ASSISTANCE

Schemes of industrial assistance operated by the Department of Trade and Industry (DTI) are to be brought together under four headings, the Secretary of State for Trade and Industry, Mr Norman Tebbit, announced in the House of Commons on 27 July.

There will be a business and technical advisory service, support for innovations, support for national and regional investment, and British Overseas Trade Board support for exports.

The regrouping represents a major recasting of the DTI's schemes of assistance. It will harmonise the criteria used to judge applications for assistance and will simplify the procedures used in the DTI.

To give further help to firms in their dealings with the DTI, Mr Tebbit plans to set up central contact points at DTI headquarters and in each of its regional offices. He intends that the new arrangements will come into effect within six months; the exact date will be announced later. The existing schemes will continue to operate in the meantime. So that the available funds can be used to help more firms, the Secretary of State has decided to increase, from 1 August, the contributions made by those using the DTI's advisory services and technical consultancy schemes.

Source: *Hansard*, Vol 64, No 202, written answers, cols 835-6.

WELSH DEVELOPMENT AGENCY ANNUAL REPORT

In 1983 Wales secured nearly 25 per cent of all internationally mobile business projects which were set up in Britain by overseas investors – a higher success rate than any other region – according to the latest annual report of the Welsh Development Agency (WDA). The Agency's creation of a new organisation 'WINvest' (Wales Investment Location) to take over sole responsibility for the inward investment role previously shared by the Agency with two other bodies, and its establishment in Cardiff of a professional sales and marketing organisation, were designed to make it even easier for new businesses to move to Wales. In the first year WINvest was instrumental in securing projects which promised 2,600 jobs. The Agency itself provided factories for new tenants, with a further 7,000 jobs forecast.

With the approval of further investments in 1983-84 totalling almost £13 million, a 30 per cent increase in activity on the previous financial year, the Agency achieved a substantial reduction in its call on new funds from the Government. About half the funds provided for new investment were obtained by the Agency from European institutions, mainly loans from the European Coal and Steel Community, and 30 per cent from the sale of earlier investments. Only 22 per cent was new money drawn from the Exchequer. For every £1 invested by the Agency another £3 was provided by other sources, chiefly in the private sector. The Agency also approved 133 investment proposals.

The electronics industry – notably computers – was a fruitful source of investment business. With the support of the private sector, the Agency assembled £7 million to enable the Parrot Corporation to proceed with a project at Cwmbran to set up Britain's first totally integrated plant for the manufacture of floppy disks (computer information banks), believed to be the largest start-up venture capital project in Europe or the United States last year.

Satellite TV Antenna Systems, a business set up to make dish aerials for the reception of television programmes beamed by satellite – one of the first clients of the Agency's venture capital subsidiary, Hafren Investment Finance – needed funds to manufacture. The Agency brought the company into contact with Lazard Development Capital, which injected more than £400,000 into the business.

More money was spent in 1983-84 on reclaiming derelict land than in any previous year (over £12 million), though it was unlikely that this amount would be overtaken this year, as those activities which helped to provide immediate employment opportunities would have to take priority for limited resources.

Source: *Welsh Development Agency. Report and Accounts 1983-84*. Available free from the WDA at Pearl House, Greyfriars Road, Cardiff CF1 3XX.

RAILWAY ELECTRIFICATION

Government approval for British Rail's plans to electrify the east-coast main line from London to Edinburgh via Newcastle upon Tyne (including the branch from Doncaster to Leeds) at a cost of £306 million (at 1983 prices) was announced on 27 July by the Secretary of State for Transport, Mr Nicholas Ridley. He said that the scheme was fully justified on its financial merits and would give British Rail's customers a better service. Approval of the project was further evidence of the Government's commitment to 'an efficient and attractive railway, giving good value for money'. An analysis of British Rail's proposal indicated that the scheme would show a return of about 7 per cent.

The project is the biggest railway electrification scheme since the electrification of the west-coast main line from London to Glasgow, completed in 1974. It will involve electrification of some 395 miles (636 km) including some 361·5 miles (582

km) of the 393-mile (632-km) line between London (King's Cross) and Edinburgh (the King's Cross to Hitchin section is already electrified). Work is due to start later in 1984, with the section to Huntingdon due to be completed by 1987, to Peterborough by 1988, Leeds by 1989, and Newcastle upon Tyne and Edinburgh by 1991. Electrification is expected to result in greater reliability of services, cleaner and quieter trains, a reduction in fuel costs of about 25 per cent and a fall of about 60 per cent in maintenance costs for locomotives and rolling stock, and a slight reduction in journey times. The route is currently served by High Speed Trains (HSTs) operating at maximum sustained speeds of 125 miles per hour (201 km/h) and, when the new rolling stock is delivered, these HSTs will be transferred to a number of other routes including the Edinburgh-Glasgow, Aberdeen-Glasgow and Hull-Leeds-Liverpool services.

Sources: Department of Transport press notice, 27.7.84; and British Rail press notice, 27.7.84.

REMOTE SENSING AND DIGITAL MAPPING

The Government's acceptance of the promise and potential of remote sensing (the observation of objects, particularly the earth's surface, by means of electromagnetic radiation) and of the view that a data communications system is needed to ensure rapid delivery of satellite images of the earth, is contained in a White Paper giving its reply to a report from the House of Lords Select Committee on Science and Technology issued in February 1984 (for publication details see p 71). The Select Committee recognised that there would be significant benefits for British scientists and companies if the technology of remote sensing from space were developed and exploited fully, and recommended the establishment of a national computer-based communications network for distributing images of the earth and other spatial data, and that Britain should specialise in developing radar techniques for remote sensing from space. The Government has taken up these recommendations, and says that the data communications network will have to make full use of the data transfer services provided and planned by British Telecom and Mercury Communications (see p 271, 1983). It agrees with the Select Committee that the National Remote Sensing Centre at the Royal Aircraft Establishment, Farnborough (Hampshire), is a suitable location for the central node of the network as the main remote sensing data archive is located there.

Britain will be a major participant in the European Space Agency's ERS-1 programme for the development of a remote sensing satellite to perform coastal and oceanographic observations. Marconi Space Systems Ltd will lead the European team responsible for the design and construction of the main radar instrument to be carried on ERS-1, due to be launched in 1989. The Science and Engineering Research Council has been selected to provide an 'along track scanning radiometer' as an additional instrument aboard ERS-1 to produce accurate measurements of sea surface temperatures. Extensive programmes to expand microwave capabilities for future applications are being formulated. Participation in ERS-1 is being complemented by a £14 million national remote sensing programme, announced in 1983 (see pp 206-7, 1983).

On the related subject of digital mapping (the production of maps and use of map data by computer-based or 'digital' techniques), the Select Committee recommended that the digitising of the Ordnance Survey's basic maps should be speeded up. The Ordnance Survey has prepared proposals for an acceleration of its digitising programme of large-scale maps to complete the coverage of urban areas by 1990 and the remainder of Great Britain by 2000. These proposals were recently endorsed by the Ordnance Survey Advisory Board and are being considered by ministers. Approval has already been given to the digitising of the large- and small-scale maps of the Ordnance Survey, Northern Ireland. The Government accepts the Select Committee's recommendation that the Ordnance Survey should actively promote digital mapping and the development of geographic information systems, and accepts its view that there should be widespread discussion on how these systems should develop. Accordingly, the Government accepts that it is timely to set up a committee of inquiry, as recommended by the Select Committee, to report on the handling of geographic information including the preparation of a catalogue of all digital spatial data.

Source: *Remote Sensing and Digital Mapping*. The Government's Reply to the First Report from the House of Lords Select Committee on Science and Technology. Cmnd 9320. HMSO, £2·70. ISBN 0 10 193200 6.

Warnock Report on Human Fertilisation and Embryology

The report of the Committee of Inquiry into Human Fertilisation and Embryology, established to examine the social, ethical and legal implications of recent and potential developments in the field of human-assisted reproduction, was published on 18 July.[1] Among its main conclusions are that certain specialist forms of infertility treatment, including artificial insemination by donor and *in vitro* fertilisation, are ethically acceptable, but that surrogate motherhood should be prohibited; that research on human embryos is acceptable, but should be permitted only up to the fourteenth day after fertilisation; and that a new independent statutory body should be established to control specialist infertility services and to license and monitor research.

THE REPORT

Background

Outlining the background to the Inquiry, the report says that the birth of the first 'test-tube baby', resulting from the technique of fertilising an egg *in vitro* (literally, in a glass) in July 1978, opened up new horizons in the alleviation of infertility and in the science of embryology. It also, however, gave rise to an unease in society at the apparently uncontrolled advancement of science, which brought with it new possibilities for manipulating the early stages of human development. It was against this background of public excitement and concern that the Inquiry was established in July 1982 to examine recent and potential developments in medicine and science related to human fertilisation and embryology, and to consider what policies and safeguards should be applied, having regard to the social, ethical and legal implications of these developments.

Treatment of Infertility

Discussing the present scope and organisation of services to treat infertility, the report says that they are haphazard and unsatisfactory. The Committee recommends that health authorities should review their facilities and consider the establishment of specialist infertility clinics to work closely with other specialist units, including genetic counselling services.

The report discusses the various techniques available for the alleviation of infertility. It concludes that the techniques of artificial insemination (whether by husband or by donor), *in vitro* fertilisation, egg donation and embryo donation should be available, subject to strict licensing and controls, but that the technique of embryo donation by lavage (where the initial stages of an embryo's development take place in the uterus of another woman before being washed out and transferred to that of the eventual mother) should not be used at present in view of the risk to the egg donor.

A number of principles of good practice are put forward in relation to each of the approved techniques. These include: the anonymity of semen and egg donors where a third party is involved; the availability of counselling, advice, information and discussion for those who seek treatment for infertility; the need for the consent in writing of both partners before treatment is begun; the limitation of the number of children born from the eggs of any one donor to ten (in order to minimise the possibility of incest between offspring produced through these techniques); and the need for openness with the child about his or her genetic origins.

The Committee recommends a number of legal changes in relation to the new techniques; for example, a child born as a result of artificial insemination by donor should be the legal child of the marriage where the husband has consented to the use of this technique; and where a woman has given birth to a child, she should be regarded as the mother of that child regardless of whether birth resulted from either egg or embryo donation.

Discussing the wider use of the approved techniques the report recommends that couples who are at risk of transmitting hereditary disorders should also have access to semen, egg or embryo donating schemes.

In considering the question of surrogacy (the practice whereby one woman bears a child for another with the intention that the child should be handed over after birth), the report says that there are strong moral and social objections to this practice. Surrogacy for convenience alone, where a woman is physically capable of bearing a child but does not wish to undergo pregnancy, is ethically totally unacceptable. Even in compelling medical circumstances, the majority of the Committee considers that the danger of exploitation of one human being by another far outweighs the potential benefits, in almost every case. The commercial exploitation of surrogacy is a matter

[1] *Report of the Committee of Inquiry Into Human Fertilisation and Embryology*. Chairman: Dame Mary Warnock DBE. Cmnd 9314. HMSO, £6·40. ISBN 0 10 193140 9.

of particular concern, and legislation should therefore be introduced to ban completely the provision of this type of treatment either by commercial or non-profit-making agencies, or by individual doctors.

Turning to the freezing, storing and thawing of gametes (human semen and eggs) and embryos, the Inquiry sees no objection in principle to the use of freezing in the treatment of infertility. It recommends that the use of frozen semen and frozen embryos should continue, but that, in the absence of a safe and reliable method of freezing and thawing human eggs, the use of frozen eggs should not be undertaken until research has shown that no unacceptable risk is involved. In order to tackle any problems which might result from the storage of gametes for prolonged periods, there should be automatic five-yearly reviews of semen and egg deposits. If a husband should die during the storage period, the committee considers that posthumous fertilisation should be discouraged. A maximum of ten years for storage of embryos should be imposed, after which time the right to use or dispose of them should pass to the storage authority.

Human Embryos and Research

Following a description of the stages in the development of the human embryo, the report discusses the embryo's legal status and the moral arguments for and against its use in research. The status of the embryo, it says, is a matter of fundamental principle which should be protected by legislation. The majority of the Committee considers that research on embryos produced *in vitro* should not be prohibited. Advances in the treatment of infertility could not have taken place without it, and further research is essential if advances in treatment and medical knowledge are to continue. Because of the special status accorded to the human embryo, however, such research must be subject to stringent controls and monitoring. Research conducted on human *in vitro* embryos and the handling of such embryos should be permitted only under licence, and any unlicensed use of an embryo should constitute a criminal offence. Since the beginning of the individual development of the embryo is identified by most authorities as commencing at about 15 days after fertilisation, the Committee recommends that research should be permitted only up to and including the fourteenth day after the embryo's fertilisation, and that 14 days should be the maximum age to which embryos may be grown *in vitro*.

Discussing possible future developments in research, the report says that there are a number of specific techniques and procedures involving the use of human embryos which have caused much public anxiety. Although many of these have not yet reached the stage where they are practical possibilities, it is important to consider whether further restrictions are required. In the technique of trans-species fertilisation, a test in which human sperm is used to fertilise hamster eggs in the investigation of male sub-fertility, it recommends that such fertilisation should not be allowed to proceed beyond the two-cell stage of development. Other techniques which should not be permitted include the use of human embryos for testing drugs, except on a very small scale, in very particular circumstances and subject to very close scrutiny; and the transfer of a human embryo to the uterus of another species. The proposed licensing body (see below) should have the power to decide which types of research may be undertaken using *in vitro* human embryos, and these should be permitted only where the information cannot be obtained from research involving other species. Any use of embryos outside these criteria should be a criminal offence.

Regulating Body

Public concern about the techniques used in infertility treatment and embryo research, says the report, needs to be reflected in public policy. All such techniques require active regulation and monitoring. A new statutory licensing authority should therefore be established to regulate both research and those infertility services which should be subject to control. There should be substantial lay representation on the statutory authority and the chairman must be a lay person. The new body would have two distinct functions, one advisory and one executive. In its advisory function it should issue general guidance to those working in the field on good practice in infertility service provision and on the types of research which it finds ethically acceptable, and should also offer advice to the Government on specific issues as they arise. Its executive function would be to grant licences to those wishing to offer infertility treatment, and to researchers wishing to work with human gametes and embryos. The body would be supported by an inspectorate which would undertake regular inspections of premises where such work was carried out.

Minority Reports

Three brief minority reports express dissent from some of the conclusions of the main Inquiry. The first argues that there are rare occasions when surrogacy could be beneficial to couples as a last resort. On these occasions, therefore, gynaecologists should not be denied the option of suggesting surrogacy to their patients. In the best interests of all concerned, however, and particularly in the best interests of the child that may ensue, stringent care and control is necessary. It recommends that the proposed licensing authority could include surrogacy within its terms of reference and that any non-profit-making agency that wished to assist in making surrogacy arrangements would have to be licensed by the authority.

The second sub-report dissents from the main report on the use of human embryos in research. It rejects as unethical all use of human embryos for experimentation, and argues that embryos created *in vitro* should be used only for implanting in women. Any other use should be a criminal offence.

The third sub-report, while not objecting to the use of spare embryos left over from fertilisation for research purposes, rejects the main report's conclusion that research should be permitted on embryos brought into existence for that purpose

or coming into existence as a result of other research.

GOVERNMENT VIEW

Announcing the publication of the report in the House of Commons (*Hansard*, Vol 64, No 195, cols 203-4), the Secretary of State for Social Services, Mr Norman Fowler, said that the Government particularly welcomed the report because it dealt with recent developments in a rapidly expanding field, some of which were causing increasing public and parliamentary concern. The issues aroused strong and widely differing opinions; the vital tasks which the Inquiry had performed were to set out the issues clearly, to produce reasoned judgments and, where it believed limits had to be set, to define them. It was now for others to make known their views on the Inquiry's recommendations. The Government would therefore be seeking the views of the public and of the many interested organisations and would welcome any comments submitted before the end of 1984. The report's recommendations and the comments received on it would be carefully considered before decisions were reached on the scope and content of any legislation which might be required.

Pension Schemes: New Proposals

Proposals which would make provision for retirement outside the State pension scheme more flexible and give individuals a wider choice of pension arrangements have been made by the Government. It intends to introduce legislation which would preserve the pension rights of people who change jobs ('early leavers') and has published a consultative document on personal pensions through private schemes.[1]

The State pension scheme, introduced in 1978, consists of a basic contributory pension, plus an additional 'earnings related' pension. Employers are free to 'contract-out' their employees from the State scheme for additional pension if they provide their own occupational pension scheme. The State remains responsible for the basic pension. About half the national workforce are covered by private occupational pension schemes.

Early Leavers from Occupational Pension Schemes

Announcing his proposals for preserving the pension rights of people who change jobs, the Secretary of State for Social Services, Mr Norman Fowler, said in a statement to the House of Commons on 11 June (*Hansard*, Vol 61, No 168, cols 642–8) that at present just under 12 million people were building up occupational pension rights. This pension provision was of vital importance in retirement, yet in many cases people who changed their jobs suffered a loss of pension rights as a result. Many left behind a pension which was effectively frozen in cash terms, and therefore lost value up to the age of retirement. The Government believed that those who left their employment before pension age were as much entitled to the complete range of rewards for their years of service as those who stayed; it therefore intended to introduce legislation to require occupational pension schemes to revalue deferred benefits for future early leavers at 5 per cent a year compound or in line with the rise in prices, whichever was less, over the whole period from leaving to pension age. This would have a beneficial effect not only for the person who left his pension with his old employer, but also for the person who transferred it, since the transfer value of these rights would be increased by the change. The Government was also considering proposals to give everyone who changed jobs the legal right to transfer their pension rights to their new employer. (A consultative document containing these proposals was published in May, see p 239.)

Personal Pensions

Proposals are made in a consultative document published on 16 July which would enable people to arrange their own individual pension plans as an alternative to joining an employer's occupational scheme or the State earnings-related scheme. Under the proposals people would accumulate their own fund which they would take with them when changing jobs. These arrangements would offer people greater freedom of choice in the way they saved for retirement and would exist alongside employers' schemes.

Introducing the document in a statement to the House of Commons on 16 July (*Hansard*, Vol 64, No 193, cols 25–32), Mr Fowler said that market research had revealed a substantial potential demand for personal pensions which the Government believed could and should be met. The essence of the Government's proposals was freedom of choice and flexibility. By giving all employees the right to a pension which they could take with them, another obstacle to job mobility would be removed.

[1] *Personal Pensions: A Consultative Document.* Available free from the Department of Health and Social Security, Room 419, Friar's House, 157–168 Blackfriars Road, London SE1 8EV.

Youth Service Advisory Council

The Government plans to establish a new council to advise ministers and others on the scale and direction of youth service activity in England and Wales.

The establishment of a new advisory council was announced by the Secretary of State for Education and Science, Sir Keith Joseph, in a statement in the House of Commons on 11 July (*Hansard*, Vol 63, No 190, cols 1035-43) in which he outlined the Government's response to the report of the

Review Group on the Youth Service (see p 368, 1982). The council, which will be established within the next few months, will be set up for an experimental period of three years in the first instance and will be subject to review at the end of that period. Its membership will be representative of the broad range of interests in the youth service.

It is envisaged that it will advise the Secretary of State for Education and Science and the Secretary of State for Wales and others with youth service responsibilities on the appropriate scale and direction of youth service activity within available resources. It is hoped that these arrangements will help to develop further the partnership between the voluntary and statutory sectors, both at national and local levels, for the benefit of all young people.

Sir Keith also announced his acceptance of the Review Group's recommendation that there should be a publicly known unit within the Department of Education and Science dealing with youth service matters.

Also in line with the Review Group's recommendations, grant-aid is being made available to voluntary organisations for experimental projects in managerial innovation in the youth service and for the training of part-time and volunteer staff in particular; the National Council for Voluntary Youth Services is to be consulted about the allocation of these resources.

The Government has examined the Review Group's recommendations on legislation, but does not consider that it would be appropriate to introduce new legislation relating to the youth service unless legislation dealing with the whole statutory framework of post-school education were being proposed.

It does, however, recognise the need for additional guidance to the youth service, particularly with regard to the important areas of co-operation between the voluntary and local authority sectors, and the need for effective management of available resources. In consequence a draft circular setting out the Government's views is being issued for consultation; this covers such topics as resources, the involvement of young people in decision-taking, the needs of special groups and training for youth work.

Race Relations

The Government's commitment to achieving racial harmony and equality of opportunity for all British citizens, whether black or white, has been emphasised by the Home Secretary in a speech to a multiracial audience in the London Borough of Brent. The report of a major survey of black people in Britain by the Policy Studies Institute[1] has shown that, although there have been important changes in their housing and employment circumstances over the past decade, inequality remains. In response to the report a Minister of State at the Home Office has outlined the action taken to combat racial disadvantage, particularly since the survey was carried out two years ago. The annual report of the Commission for Racial Equality[1] shows that equal opportunity policies are being pursued by an increasing number of public and private employers.

[1]*Black and White Britain. The Third PSI Survey*, by Colin Brown of the Policy Studies Institute. Heinemann Educational, £8·95. ISBN 0 435 83125 9.

HOME SECRETARY'S SPEECH

On a visit to the Mosque and Islamic Centre of Brent on 23 July, during which he addressed an audience made up mainly of people from the ethnic minority communities, the Home Secretary, Mr Leon Brittan, said that his concern for good race relations was based on the conviction that he was talking about people who belonged to Britain. Nearly half of Britain's black population (using 'black' in its broadest sense) was born in Britain and even more were brought up here or were long settled. Britain was and would remain a multiracial society; this represented a challenge and an opportunity. The question was how to give reality to the belief that every member of society should enjoy not only equality before the law but also equality of opportunity, and how best to secure racial and social harmony. Such harmony would not be achieved if doubts remained about the country's acceptance of its ethnic minority population as a permanent part of the community. However, it was essential to the achievement of racial and social harmony for people of all origins to be convinced that Britain had a firm and fair immigration control. The Government equally rejected both uncontrolled immigration and talk of repatriation as contrary to good community relations.

Achieving Equality of Opportunity

There was still a considerable way to go to ensure equality of opportunity for Britain's ethnic minorities, continued Mr Brittan. It would be wrong to imagine that race relations policy could in itself solve problems of unemployment and poor housing from which members of the ethnic minority communities suffered; lasting economic recovery would do more than anything to improve their position.

There were policies, however, that could improve the prospects of members of the ethnic minorities, in the job and housing markets, and in education, housing and training. Action to ensure that equality prevailed involved not only the Government but local government, public authorities, private business, large commercial enterprises and individuals. Institutions were already making adjustments to accommodate the diversity of ethnic origins and cultures. One significant movement was the expression of the constructive vitality and energy of the ethnic minorities themselves. Black people were becoming more fully

[1]*Commission for Racial Equality. Annual Report for 1983.* Published by the Commission, Elliot House, 10-12 Allington Street, London SW1E 5EH. £1. ISBN 0 907920 47 0.

involved in society and in shaping its future. Increasingly they were determined not simply to wait for things to get better of their own accord, but to take action themselves to ensure necessary improvements. Mr Brittan gave as an example the Brent Black Music Co-operative which he had visited and described as a resourceful commercial enterprise providing education, training and employment in partnership with central and local government.

Employment

In employment the Government and Parliament had recognised that equality of opportunity required changes in traditional recruitment, promotion and management practices. Guidance on what sort of changes might be necessary, and practical advice on how to bring them about, were contained in the Commission of Racial Equality's Code of Practice which had been endorsed by Parliament and came into force on 1 April (see p 284, 1983). The initial response, especially from large employers, had been encouraging. It was important to see by monitoring that equal opportunity policies were working in practice. Local authorities in many parts of the country were adopting equal opportunity policies and recruitment and promotion practices were being monitored. In central government too these had been developed in the last year. A review of personnel policy and procedures in the Civil Service aimed at securing full equality of opportunity had been carried out; a statement of equal opportunity policy had been circulated to all civil servants; and a start had been made on ethnic monitoring as a means of ensuring that there were no discriminatory barriers to entry and promotion.

The Police

Turning to the police service, Mr Brittan said that police training in community and race relations was undergoing fundamental change and new training programmes in which ethnic minority people were directly involved were being developed. A new national centre for community and race relations training had been opened at Brunel University. The aim was to create at local level a police service that was responsive to the needs and concerns of the community. Lord Scarman had emphasised this point (see p 376, 1981) and the Police and Criminal Evidence Bill (see p 400, 1983) implemented his recommendation that there should be a statutory requirement for consultation between the police and the community. Guidance would be issued to police forces to ensure that there was proper representation from the black community on the consultative bodies. [Non-statutory consultative bodies are already in existence in many areas.]

Mr Brittan emphasised that the powers of 'stop and search' contained in the Police and Criminal Evidence Bill (see p 403, 1983) were not new; what the Bill did was to consolidate and rationalise some existing powers and extend them to parts of the country where they did not operate. At the same time it established new statutory safeguards by setting out clearly the conditions under which the power of stop and search could be used and requiring that reasons be given and a record made of the use of the power and its result. Moreover, the Bill had been amended to provide for a code of practice governing the use of stop and search.

Mr Brittan turned to the subject of racial attacks and said he was aware that in some parts of the country families were harassed and lived in fear of attack. Police forces with substantial ethnic minority populations were now monitoring racial attacks and ways were being worked out to help forces to prevent attacks and provide an effective response if they did occur. Chief officers of police shared his determination that the response to attacks should be vigorous and effective.

Involvement of Black People in Society

Mr Brittan went on to talk about the increasing involvement of black people in society. There were growing numbers of black local government councillors, mayors, businessmen, lawyers, teachers, actors and sportsmen, he said. This development had much further to go. As institutions adjusted to becoming more open to ethnic minority people and as black people made their own distinctive contribution to society, so would prejudice and mistrust between communities diminish. What was needed were more black decision-takers in Britain's institutions. Even before the inevitably gradual process of recruitment and promotion brought more black people into positions of power and influence, the authorities could ensure that ethnic minority communities were consulted about decision-taking that would affect them.

The Government was determined that local authorities should be responsive to the needs of the ethnic minority communities. It had therefore decided to impose on the new joint boards that would be set up following the abolition of the Greater London Council and the metropolitan county councils (see p 353, 1983) a duty, under the Race Relations Act, to make appropriate arrangements to eliminate racial discrimination in carrying out their functions. At the same time there was no intention to end the funding by local authorities of worthwhile voluntary projects.

In a democracy the most fundamental expression of consultation and involvement was voting in elections, said Mr Brittan. It was estimated that about 30 per cent of the black community were not registered on the electoral roll, compared with only 6 per cent of the white. He intended to take steps to improve the completeness and accuracy of the electoral roll as a means of increasing black voting.

Mr Brittan concluded by emphasising his regret that racial inequality still persisted, but said that powerful forces were working to remedy this situation. Even within the last year the Government and British society had been moving towards equal opportunity and the eradication of discrimination. He believed that a steady and irreversible movement was in progress towards the creation of real equality of opportunity and, with that, equality of responsibility for every British citizen, black or white.

POLICY STUDIES INSTITUTE REPORT

The Policy Studies Institute report of an investigation into the circumstances of Britain's black population (of Asian and West Indian origin) was published on 6 July. Funded by the Home Office, other government departments, the Greater London Council and charitable foundations, the survey was carried out in 1982 and, by means of individual interviews, the personal details of a national sample of adults of different ethnic origins were collected and comparisons made between the characteristics of different ethnic groups. The main focus of the research was on housing and employment but the inquiry also touched on such topics as household structure and income, education and attitudes towards race relations. The survey is the third of a series carried out by the Policy Studies Institute (PSI) and its predecessor, Political and Economic Planning (PEP), the two earlier surveys having been conducted by PEP in 1966 and 1974.

The main finding is that although there have been major changes in the employment and housing circumstances of black people over the past decade, there has been little reduction in the extent of racial inequality, despite the race relations legislation and national and local policy initiatives. The report says that vigorous action is necessary to prevent inequality persisting.

Employment

The survey shows that black people are more likely than white to be unemployed and those in work tend to have jobs with lower pay and status than those of white workers. Examination of the changes in the employment patterns of white, Asian and West Indian people over the eight years since 1974 shows that there has been little convergence of the types of job done by the majority and minority ethnic groups, while their unemployment rates have diverged sharply. Factors contributing to this pattern include different educational backgrounds; lack of fluency in English among many Asian workers; different residential locations; an ethnic minority labour market which differs in some respects from that of white workers; and racial discrimination, both direct and indirect.

The report describes a number of variations in the job levels of the different ethnic minorities. Among Asians it finds that a poor command of English is very strongly related to job level (a fifth of the Asian men and half of the Asian women interviewed were found to speak English only slightly or not at all). However, black people have made some advance in certain sectors, particularly in the public health and transport services. This progress represents consolidation of their position in sectors where blacks were initially recruited as immigrants, says the report.

Another development has been the growth of Asian businesses and self-employment. A tenth of Asian men who were employees in 1974 were self-employed by 1982 and the overall level of self-employment is now higher among Asians than among whites.

In discussing household income the report shows that the median weekly earnings of full-time male white employees in the survey are £129 compared with £109 for West Indians and £111 for Asians. Among women there is no clear gap of this kind: in fact, West Indian women have slightly higher overall earnings than white women, although the earnings of all women are generally lower than those of men. The report points out that 40 per cent of West Indian and 30 per cent of Asian households send money occasionally or regularly to dependants elsewhere, mainly to relatives in the family's country of origin. This further reduces the already lower earnings of blacks.

Housing

Each of the main ethnic groups interviewed has a distinctive pattern of housing. Britons of Asian origin are more frequently owner-occupiers than whites while West Indians more often live in council or housing association property. Recent trends suggest that the differences are likely to become more rather than less marked. Among council tenants or owner-occupiers blacks are likely to occupy the poorer-quality dwellings.

On the other hand, there have been improvements in the absolute housing standards of black people between 1974 and 1982; fewer now live in privately rented or shared accommodation and a lower proportion live in properties built before the start of the first world war (1914). However, over the same period the housing of the population at large has improved, so inequalities persist.

Education

The survey shows that generally people of Asian and West Indian origin are less likely than whites to have formal qualifications of an academic or vocational nature, although there are complex variations between groups. Half of Asian young women have no qualifications compared with only a fifth of white and West Indian young women. However, the proportion with A-levels and degrees is similar for Asian and white women and there is evidence that many more young Asian women are gaining academic qualifications. A larger proportion of black people than white now stay in full-time education after the ages of 16 and 20 and there is a significant group of black women studying part-time for qualifications – 9 per cent among West Indians and 5 per cent among Asians, compared with 2 per cent among whites.

The Persistence of Inequality

The report says that patterns of disadvantage were set early in the history of the black immigration and became in many respects self-sustaining. Processes of direct and indirect discrimination operate in employment and a variety of factors maintain the geographical distribution of black families in the areas of original immigrant settlement. The economic recession has also had a serious impact, as unemployment has disproportionately affected lower-paid manual jobs and those in older manufacturing industries in the conurbations. The collapse of the demand for labour has also provided extra fuel for racialism and discrimination among whites.

The report emphasises, however, that some things have certainly got better. Overall housing conditions have improved; the jobs of young black people in work are closer to those of young white workers; the massive move into self-employment by Asians will benefit some and is an example of reliance on individual enterprise. Over the past few years a number of public policy initiatives have been taken to deal with racial disadvantage and there has been considerable activity by members of the ethnic communities to organise self-help; programmes of government aid have existed since 1969. Nevertheless, when starting the survey, the PSI researchers expected to find a reduction in the levels of inequality; instead they found a complexity of old and new inequalities rooted in three linked problems. First, it is clear that racialism and direct racial discrimination continue to have a powerful impact on the lives of black people. Secondly, the position of black citizens largely remains, geographically and economically, that allocated to them as immigrant workers in the 1950s and 1960s. Thirdly, it is still the case that organisations and institutions have policies and practices that frequently take no account of the cultural differences between groups.

In the view of the report, the fact that the mechanisms of inequality have become entrenched and self-sustaining means that it is not enough to establish a formal legal framework to outlaw racial discrimination. The separateness of jobs and the residential locations of people of Asian and West Indian origin are so firmly established that assumptions, expectations and behaviour are generated among whites and blacks that perpetuate discrimination. Only if these impediments are systematically challenged will it be possible to prevent inequality from persisting.

GOVERNMENT ACTION TO COMBAT DISADVANTAGE

Government policies to combat disadvantage were outlined by Mr David Waddington, Minister of State at the Home Office, in a speech in Dudley on 6 July in which he emphasised that the Government was firmly committed to a multiracial society offering equal rights and equal opportunities to everyone, whatever their race or religion. Achieving that goal was not easy: racial prejudice and racial discrimination still had to be dealt with. Changing attitudes was a slow progress, but it was wrong to imagine that no progress was being made.

PSI Report

Mr Waddington said that the PSI report, which was based on research carried out in 1982, had concluded that in jobs and housing black people were disadvantaged. There was no doubt they were, but it would be wrong to suppose that the Government had been doing nothing about the situation. In the last two years in particular a great deal had been done.

As an employer the Government had undertaken ethnic monitoring and had published at the end of 1983 an action plan to promote equal opportunity which was being followed up by government departments (*Race Relations: A review of policies and procedures in the Civil Service*). It had also given its full support to the Commission for Racial Equality's code of practice on employment. The Government had encouraged local authorities to combat racial disadvantage and had encouraged the police to take a number of initiatives to improve their relationship with the ethnic minority communities. There were now better consultative arrangements, better training and more effort was being put into following up racial attacks. Far higher expenditure (£80 million in 1983-84) had been approved in grants to local authorities for special programmes to benefit the ethnic minority communities [for example, in education and adult language training] and the Government had asked for more consultation with the minority groups. In addition, expenditure on ethnic minority projects under the Urban Programme for inner city areas had been greatly increased and amounted to £27 million in 1983-84.

EQUAL OPPORTUNITY IN EMPLOYMENT

The growing numbers of employers, particularly larger firms, who are now more ready than in previous years to take effective action to ensure that they are providing equality of opportunity is referred to in the Commission for Racial Equality's annual report for 1983. The report gives as an example five large retail chains in Liverpool which, after an enquiry by the Commission into recruitment practices, have accepted the need to take action. Detailed recommendations have been made to a number of other national employers, including a hotel group. The Commission attributes most of this change of attitude to Parliament's acceptance of its code of practice, to the example being set by a growing number of local authorities and to the Government's experiment in ethnic record-keeping and monitoring in the Civil Service.

Nature Conservation

The Government has welcomed a programme of action launched by the Nature Conservancy Council to deal with the problems facing nature conservation. There have been substantial achievements, such as the creation of nearly 200 national nature reserves, but many problems remain.

The Nature Conservancy Council has produced a programme[1] for nature conservation as its contribution to the British response to the World Conservation Strategy.[2] The programme is the result of consultation and co-operation between the Nature Conservancy Council and voluntary

[1]*Nature Conservation in Great Britain*. Nature Conservancy Council, £7·50. ISBN 0 86139 285 X.

[2]Launched in 1980 by the International Union for the Conservation of Nature and Natural Resources in collaboration with the United Nations Environment Programme and the World Wildlife Fund.

organisations concerned with nature conservation, such as the Royal Society for Nature Conservation, and the organisations whose activities affect the practice of nature conservation in Britain and overseas, for example, those representing landowners and farmers.

The Background

The programme says that over the past 35 years there has been a large and creditable tally of achievements in the number and area of nature reserves, in the satisfactory status of many wildlife species and in the undamaged condition of many physical features. Above all, the concern for nature, reflected in the increase in membership of the leading voluntary bodies (such as the Royal Society for the Protection of Birds), has shown a very substantial growth and there is now considerable public enthusiasm for the protection of nature. Against this, however, must be set the losses to nature, in terms of the disappearance and decline in semi-natural habitats, native species and fragile land forms, which have occurred during the same period to an extent not generally recognised.

By the beginning of the twentieth century farming had become the main land use of about 80 per cent of Britain, and many of the more spectacular mammals and birds became extinct as a result, although not all of the changes of land use were a loss to nature. The present century has seen an expansion of human impact over nearly all of Britain, affecting almost every kind of habitat and physical feature. This impact is mostly inimical in its effect on nature, and in only a few instances is nature enhanced. Of all the many kinds of development, modern agricultural methods have had the most profound effect, not only because they are incompatible with nature in their high technology methods but also because they affect so large a part of the country. The effect has been a continuing and, in many instances, accelerating loss of semi-natural habitats, wild plants and animals, and the more sensitive land forms since 1940.

Dealing with the Problems

Nature conservation supporters represent a large and growing body of public interest which regards and uses nature as a vital resource and as a heritage which the present generation has a duty to hand down to its successors. The value of this resource to society is both economic and cultural, with culture understood in the widest sense as being concerned with science, education, aesthetics and recreation.

At present only some 0·01 per cent of public expenditure is devoted to nature conservation, and a major objective must be to obtain a much larger provision of money and manpower from both the public and private sectors. The Wildlife and Countryside Act 1981 (see pp 152-3, 1981) has strengthened the provisions for protecting special sites, but losses to nature continue in them and even more in the wider countryside as a result of human activities. The Nature Conservancy Council is pressing for a more sympathetic use of public subsidies in support of integrated policies for the use of land and water, with the aim of maintaining socio-economic objectives, such as rural employment, but with less damaging effects. If these measures fail and the losses to nature continue, further legislation will be required.

Objectives and Strategy

The primary objective of nature conservation is to ensure that the national heritage of wild flora and fauna and geological and physiographic features remains as large and diverse as possible, so that society may use and appreciate its value to the fullest extent. To meet this goal up to the year 2000, the report advances a framework for nature conservation consisting of ten main strategic objectives.

1 *Sites of Special Importance to Nature Conservation*. The protection of sites specially for their nature interest is the most powerful conservation tool. Sites of special importance should become nature reserves or at least sites of special scientific interest. Consistent application of existing criteria for site selection indicates that at least 10 per cent of the area of Britain should be protected for nature conservation by law.

2 *Conservation of Nature in the Wider Environment*. Nature conservation outside the protected areas will require to an even greater extent the co-operation of farmers, foresters, other land- and resource-users, planners and managers. Apart from the law on protection of wild plants and animals and the planning controls on development (but not agriculture or forestry) in certain areas such as national parks and areas of outstanding natural beauty, there is little legal protection for nature in the wider environment. The aim should be to seek recognition for nature conservation as a land-use activity in its own right, integrated with other activities such as farming, forestry, amenity and recreational use.

3 *Marine Nature Conservation*. A marine nature conservation review should be launched as a matter of urgency and marine nature reserves should be established under the provisions of the Wildlife and Countryside Act 1981. Legislation on marine nature conservation should be strengthened where necessary and marine nature conservation outside statutory sites should be promoted.

4 *Research*. Countrywide surveys of biological and physical features should be undertaken to allow scientific evaluation of the sites and species most in need of conservation, management needs, and the most urgent problems in the wider environment. The monitoring of habitats and species to detect changes, ecological studies of causes and effects, and the use of other research techniques such as socio-economic studies, together with the development of more effective data-handling systems, should all be part of the approach.

5 *Publicity and Education*. The report says that there is an urgent need to instil knowledge and a sense of responsibility to nature at all levels. Publicity should be given to the opportunities for

participation in nature conservation activities and to the rationale of nature conservation. Environmental education should be promoted, especially the teaching of ecology and nature conservation, both at school and in higher education in science and in disciplines concerned with training of land and other resource managers.

6 *Legislation*. Nature conservation legislation, and other legislation which could affect nature conservation, should be monitored, and the schedules of protected species of wild animals and plants should be reviewed every five years. Enforcement of the law should be improved and the existence of the laws given greater publicity. International obligations in licensing and law enforcement under the Convention of International Trade in Endangered Species of Fauna and Flora and the Endangered Species (Import and Export) Act 1976 should be enforced and the provisions, where necessary, extended.

7 *International Conservation*. Continued support should be given to the development and implementation of international conventions concerned with wildlife and physical features and other action programmes. Support for and collaboration with international organisations should be maintained to obtain maximum support for nature conservation and to achieve measures favourable to nature conservation in Britain.

8 *Creative Conservation*. Creative conservation seeks to enlarge the resource of nature by creating habitats and communities or reintroducing species which have died out. These activities are not a substitute for safeguarding ecosystems and the species they contain, but are an important means of replacing some of the past losses of wildlife, as well as providing educational opportunities. More research should be done on habitats which are at present difficult to re-create. Habitat re-creation is especially relevant for bringing back nature into cities and towns by using waste ground, parks and gardens.

9 *Resources*. Central and local government and the private sector should all be urged to acknowledge the value of the natural heritage by making adequate financial provision for it.

10 *Distribution of Effort*. The Nature Conservancy Council will publicise its plans for implementing its statutory functions and duties, and join with non-governmental organisations in working out a shared programme. It will seek to stimulate nature conservation activities by other land-users and voluntary bodies, develop closer working relationships between nature conservation organisations and those concerned mainly with countryside recreation and scenic beauty, seek wider involvement of society in nature conservation and monitor existing and proposed legislation and policies affecting nature conservation.

Government Response

Speaking at the launch of the strategy document on 26 June, the Secretary of State for the Environment, Mr Patrick Jenkin, welcomed it as 'forthright, realistic and challenging'. Nature conservation, he said, 'will never succeed if it is just the passion of the few. It has got to become the concern of us all .... Conservation of the countryside is a partnership. To work, it needs the closest co-operation of all involved ...' In Britain wildlife conservation had always sought to fit in with the broader uses of land, and there had been a rising tide of active involvement and co-operation on the part of the main users of the countryside. The Wildlife and Countryside Act 1981 had been a notable step forward, but it was clear that in some respects it needed to be reviewed. It was clear that there was not yet a sufficient research base to develop a better scientific understanding of what was happening. An increasing number of enlightened farmers believed it was necessary to modify the system of agricultural support to lend greater weight to conservation and the preservation of wildlife; a tiny part of the sums of money given to support agriculture and forestry diverted to the ends of conservation would achieve much.

It was important to recognise the successes. Britain had more than 190 national nature reserves, and had created conditions in which ospreys, white-tailed eagles, avocets and ruffs had returned to breed. The Government was firmly committed to a policy of working in partnership with all the interests involved to preserve natural wildlife and its habitats. Nature conservation was, Mr Jenkin said, 'a positive, creative and infinitely worthwhile task. It involves the whole community. I commend the partnership of the Government, the Nature Conservancy Council and the whole conservation movement as the only way we shall succeed.'

Video Recordings Act

A system for classifying video works according to their suitability for people of particular age groups and thus controlling the supply of offensive video recordings – 'video nasties' – has been introduced under the Video Recordings Act 1984.

The Video Recordings Bill, introduced into Parliament by a private member, Mr Graham Bright, Conservative MP for Luton, South, received the Royal Assent on 12 July. The Act makes it an offence, subject to certain exemptions, to supply, or offer to supply, or possess for supply, a video recording containing material which has not been classified by an authority designated by the Home Secretary. The maximum penalty for these offences, which are triable summarily, will be a fine of £20,000. The Act also makes it an offence to supply a video recording in breach of classification (for example the sale to a person under 18 of a video recording containing material classified as suitable only for those over 18). The maximum

fine for this offence, also triable summarily, will be £2,000.

The Home Secretary is to designate officers of the British Board of Film Censors to make arrangements to classify video works according to the categories used in classifying films for the cinema.

The categories are: U meaning universal – suitable for all; PG meaning parental guidance, in which some scenes may be unsuitable for young children; 15 and 18, for persons of not less than 15 and 18 years of age respectively; and Restricted 18, for restricted distribution only through segregated premises to which no one under 18 is admitted, for example, licensed cinema clubs. The Home Secretary will also have the power to make regulations specifying the manner in which the classification certificate will have to be indicated on the recording and any packaging material.

The Act provides for certain exceptions based on both the content of the video work and the nature of the supply. Video recordings will continue to be subject to the Obscene Publications Acts.

Welcoming the passage of the Bill, the Home Secretary, Mr Leon Brittan, said that it would provide a swift and effective means of dealing with the serious problem of video nasties and that Parliament had acted speedily to deal with a new and evil trade.

New Government Policy for the Film Industry

Government proposals to reduce statutory intervention in the British film industry and to increase the flow of funds for domestic film production were put forward in a White Paper[1] published in July. Legislation to end the levy on cinema receipts will be introduced in 1985, and the National Film Finance Corporation will be replaced by a private company. The Government will make available £10 million over five years for film production and development alongside new investment from the private sector.

Since 1957 a statutory levy, the Eady levy, has been raised from exhibitors on the revenues from cinema admissions and used to support domestic film production. The first charge on the levy is an annual subvention of £1·5 million to the National Film Finance Corporation, which, by making grants for the production of feature films, encourages a higher level of film production and fosters new talent in the industry. After this the levy receipts are used for two purposes: first, discretionary payments may be made to the Children's Film and Television Foundation, which makes high-quality films for children, the National Film and Television School, which provides courses for writers, directors, producers and camera technicians, and the British Film Institute Production Board, which runs projects to develop emergent talent, new techniques and new ideas; the remainder is paid to producers of British films on the basis of their box office success.

[1]*Film Policy*. Cmnd 9319. HMSO, £3·15. ISBN 0 10 193190 5.

The White Paper

In its introduction the White Paper says that the British commercial film industry, though small in terms of its economic significance, has an importance and influence, both in British national life and internationally, out of all proportion to its size. This importance is growing with the advent of the new communications media world-wide – video, cable and direct broadcasting by satellite (DBS). It is therefore timely for the Government to review its relations with the industry.

The year 1983 was one of considerable optimism in the industry: production levels were sustained and the demand for good-quality films to feed the new media was at its highest level ever. The previously steady decline in admissions to the cinema, the traditional film outlet, was checked and video achieved a 30 per cent penetration of households with colour television sets.

In view of this optimism, the White Paper says, there is a growing conviction that the bulk of the protective legislation currently applicable to the industry is now wholly inappropriate. Much of this legislation and certain business practices tightly constrain the exhibition of films on both the large and the small screen. Opinion is divided in the industry about the merits of the Eady levy. Cinema exhibitors regard it as neither logical nor equitable that they should be required to pay a proportion of their revenues to the levy; producers and directors, however, feel that payments from the levy, though welcome, are not as significant a factor as they once were, and most want an extension of the Eady principle to other exhibition media such as television, video, and eventually cable and DBS.

The Eady Levy

In assessing the current framework of the industry, says the White Paper, the Government has concluded that the Eady levy is an unreasonable burden on the cinema exhibition sector and that it should be removed completely. The effect on cinemas would be to encourage innovation and to reward success. Already there are strong indications that more private investment is becoming available to the film industry. The Government rejects the idea of an Eady-style levy on television film purchases or prerecorded videotapes: a levy on television film purchases would increase the costs of both the British Broadcasting Corporation and the independent television companies, and the losses that producers are suffering from the growth of the retail video sector do not justify a redistributive mechanism applied to prerecorded tapes. However, a levy on blank video and audio tapes is being considered to protect copyright owners.

National Film Finance Corporation

The work of the National Film Finance Corporation in encouraging talented young film makers should be continued, but be based more firmly in the private sector and directed towards the development of talent for the commercial market. The Government has therefore arranged with organisations in the film, television and video sectors that they should contribute £1·1 million annually for a period of three years to a new company (to succeed the Corporation) whose primary purpose would be to part-finance low-budget feature films involving largely British talent. In order to encourage further investment in the new company, the Government would establish a fund of £1·5 million a year for five years for the co-financing of films made jointly with it. A further £500,000 a year over five years would also be granted to the company to help in the early stages of film project development.

Other Bodies

The White Paper then discusses arrangements for the future financing of the three other bodies which may receive money from the Eady levy. The National Film and Television School, which receives some £500,000 a year from Eady funds, would in future receive some £600,000 a year jointly from the cinemas, the independent television companies and the BBC, which all recognise the benefit they ultimately derive from the School. The Children's Film and Television Foundation no longer seeks funds from the levy, and has made alternative financial arrangements. A final payment from the Eady levy might be made to the British Film Institute Production Board.

Year of the British Film

The industry has announced that the period from April 1985 to April 1986 will be designated the Year of the British Film. The Government, says the White Paper, wholeheartedly endorses this concept and has promised to contribute £250,000 alongside the industry's own contributions; this will be not just a celebration of Britain's film heritage but also a foretaste of the expanding role of film in national life and of the British film industry's contribution to this.

Minister's Statement

Announcing the publication of the White Paper in a statement to the House of Commons on 19 July (*Hansard*, Vol 64, No 196, cols 523-30), the Minister of State for Industry and Information Technology, Mr Kenneth Baker, said that the Government's provisions represented an important new deal for the British film industry. The industry was undergoing a renaissance, and the country was fortunate to have so many talented producers, writers, directors, actors and outstanding technical skills in film making. Several companies in Britain had achieved commercial success in quality films. Increased government funding would mean that the new private company set up to encourage emerging young talent in the industry would be able to deploy more than double the resources which the National Film Finance Corporation had enjoyed in recent years.

Shorter Notes

RECORDS OF ACHIEVEMENT FOR SECONDARY SCHOOL PUPILS

A policy statement issued in July by the Department of Education and Science and the Welsh Office proposes that all secondary school pupils in England and Wales should, by the end of the decade, have records of their achievements. Throughout their secondary education pupils' achievements and progress would be recorded and discussed with teachers. On leaving school they would take with them a summary document giving a record of their skills, knowledge, achievements and experience which would go beyond examination results.

In order to establish agreed principles and national guidelines for the introduction of the records, the Department of Education and Science proposes to fund up to ten pilot schemes in partnership with local education authorities in England. The schemes will involve expenditure of not more than £2·25 million a year over three years, with provision for an extension to five years in suitable cases; the Welsh Office will support similar schemes in Wales. Following assessment of experience gained in the pilot schemes, the feasibility of introducing the records nationally will be considered in the autumn of 1988.

The policy statement identifies four purposes which the records of achievement should fulfil. These are: to recognise and give credit for what pupils have achieved and experienced, not just in terms of results in public examinations but also in other ways; to contribute to pupils' personal development and progress by improving their motivation, providing encouragement and increasing their awareness of strengths, weaknesses and opportunities; to help schools to identify the all-round potential of their pupils and to consider how well their curriculum, teaching and organisation enable pupils to develop the general, practical and social skills which are to be recorded; and to provide school leavers with a short summary document which would be recognised and valued by employers and institutions of further and higher education.

Sources: *Records of Achievement: A Statement of Policy*. Available free from the Publications Dispatch Centre, Department of Education and Science, Honeypot Lane, Stanmore, Middlesex HA7 1AZ. *Hansard*, Vol 64, No 194, written answers, cols 100-1. Department of Education and Science press notice, 17.7.84.

CARE IN THE COMMUNITY

Under a new scheme to be called 'Helping The Community to Care', the Government will make available a total of £10·5 million over the next three years to help volunteers, families and others to care for people in society who need support. The scheme will provide funds – almost all to voluntary bodies – additional both to the general

scheme of grants to voluntary organisations by the Department of Health and Social Security (totalling some £11 million in 1984-85), and to existing initiatives such as the Opportunities For Volunteering scheme (see pp 12-13, 1983), and those relating to drug misusers (see p 105), and children under five.

Announcing the new scheme in a parliamentary reply on 5 July, the Secretary of State for Social Services, Mr Norman Fowler, said that the Government's main objective was to ensure that each individual in need received care and support in a manner most suited to his needs and personal preferences. The vast majority of sick, handicapped and elderly people would prefer, wherever possible, to receive any necessary care and support in their own homes, or in similar surroundings in the community. Many people were supported in this way by families, friends or voluntary helpers, and the contribution of these carers was indispensable. The scheme would be aimed particularly at improving care for elderly people and people who were mentally ill or mentally handicapped, by assisting volunteers, families, neighbours and others to care for them more effectively and with greater confidence.

Schemes to be assisted in the first phase of the programme would include 'home from hospital' projects for the elderly; training for those providing care for the mentally handicapped; the development of after-care arrangements for schizophrenic patients; the provision of common services for self-help and mutual aid groups; and development work to help to set up family self-help centres.

Source: *Hansard*, Vol 63, No 187, written answers, col 277; Department of Health and Social Security press notice, 5.7.84.

DOCUMENTATION

General

Britain in Brief. COI. (Arabic, Dutch, French, German, Italian, Japanese, Korean, Portuguese, Spanish, Thai and Turkish editions in preparation.)

Government and Administration

Televising the House of Lords. First Report from the House of Lords Select Committee on Sound Broadcasting. Makes recommendations on the six-month experimental period of televising proceedings in the House of Lords approved in the Upper House in December 1983 (see pp 4-5). HMSO, £5·10. ISBN 0 10 429984 3.

Progress in Financial Management in Government Departments. Reports on the progress made by government departments since September 1983 (see p 347, 1983) in setting up and using better management systems following the government initiative launched in 1982 to improve the allocation, management and control of resources throughout central government. Part 1 reviews developments, the aim of which is to get better value for money by improving the planning and management of public services. Part 2 comprises an account by each department of developments since 1983. Examples of benefits already evident include incorporating efficiency studies into departments' management systems. Cmnd 9297. HMSO, £6·90. ISBN 0 10 192970 6.

Civil Service Statistics 1984. Shows how, in the interests of increased efficiency and economy, the Government has reached its target of reducing the size of the Civil Service to 630,000 by 1 April 1984. The reductions of 108,000 staff since 1 April 1979 have been achieved mainly by resignations and retirements, although some 3,000 non-industrial and 15,000 industrial staff have been made redundant. Savings in staff have been made largely by the introduction of more efficient methods and general streamlining; and to a lesser degree by dropping or curtailing functions, and contracting out of services. HMSO, £7. ISBN 0 11 630484 7.

Ethnic Surveys of Non-Industrial Staff in the Civil Service: North West and Avon. The result of a survey undertaken by the Management and Personnel Office and government departments with offices in these areas in pursuit of the Government's policy of equal opportunity in the Civil Service. Available free from Central Management Library, Cabinet Office, Room 130/4, Great George Street, London SW1P 3AL.

A Report on the Work of the Immigration and Nationality Department. A Home Office publication which describes the nature and organisation of the Department's work and how fair and firm immigration control is applied. Its purpose is to explain the Department's activities to those who have dealings with it. Available from Publications Officer, Home Office Library, Queen Anne's Gate, London SW1H 9AT. £1·50. ISBN 0 86252 150 5.

The Government's Reply to the First Report from the Home Affairs Committee, Session 1983-84 [on remands in custody]. The Committee put forward recommendations to speed criminal proceedings and to facilitate the grant of bail, in order to reduce the number of remand prisoners awaiting trial. Its chief recommendation was that there should be a statutory time limit on the period between arrest and trial. In its reply the Government shares the Committee's concern at the growth in the number of remand prisoners and sets out the programme of action it has taken, and will take, to enable courts to dispose quickly of all cases, particularly those involving defendants in custody. The Home Secretary has initiated a study of arguments for and against time limits. Cmnd 9322. HMSO, £1·30. ISBN 0 10 193220 0.

External Affairs and Defence

The Central Organisation for Defence. Cmnd 9315. HMSO, £2·25. ISBN 0 10 193150 6 (see also p 118).

The Royal College of Defence Studies. COI, No 8/84.

The Fontainebleau Summit Agreement. Seventh Report from the House of Commons Treasury and Civil Service Committee. Session 1983-84. HMSO, £5. ISBN 0 10 253884 0.

European Regional Development Fund. Twenty-third Report of the House of Lords Select Committee on the European Communities, Session 1983-84. HMSO, £9·90. ISBN 0 10 427484 0.

The Economic and Political Security of Small States (see p 295). First Special Report from the House of Commons Foreign Affairs Committee, Session 1983-84. HMSO, £2·25. ISBN 0 10 254184 7.

British Aid Statistics 1979-83 (see p 296). Overseas Development Administration, £5. Obtainable from the Library, ODA, Eland House, Stag Place, London SW1E 5DH. ISBN 0 902500 13 9.

British Overseas Aid 1983 (see p 296). A review of British development aid and the work of the Overseas Development Administration. HMSO, £5·95. ISBN 0 11 983669 6.

The British Council Annual Report 1983-84 (see p 305). HMSO/British Council, £2·20. ISBN 0 86355 017 7.

Bermuda. COI, No 236/84.

Economic and Scientific Affairs

Inland Revenue. 126th report of the Commissioners for the year ended 31 December 1983. Cmnd 9305. HMSO, £6·35. ISBN 0 10 193050 X.

Cash Limits 1983-84. Provisional Outturn (and 1982-83 Outturn). Cmnd 9323. HMSO, £4·35. ISBN 0 10 193230 8.

Building Societies: A New Framework (see pp 316-17). Cmnd 9316. HMSO, £4·85. ISBN 0 10 193160 3.

Department of Economic Development (Northern Ireland). Report of the Registrar of Friendly Societies for the year 1982. HMSO, Belfast, £3·70. ISBN 0 337 09201 X.

Jobs and the Business Life Cycle in the UK, by C. C. Gallagher and H. Steward. Available from the Department of Industrial Management, Stephenson Building, Newcastle University, Newcastle upon Tyne NE1 7RU. £2.

The Safety of Goods. Proposes major changes in the law to prevent unsafe products reaching the market. Cmnd 9302. HMSO, £2·25. ISBN 0 10 193020 8.

Companies in 1983. A record number of 96,188 new companies were registered during 1983; at the end of the year there were 855,710 registered companies in Great Britain, an increase of almost 65 per cent over the figure for 1970. HMSO, £4·75. ISBN 0 11 513702 5.

Help for Small Firms: Review of BOTB Services in Relation to Small Firms. Following a recommendation contained in the report, the British Overseas Trade Board has decided to make an introductory offer of £150 to companies which have not so far used any of the Board's main services. The report emphasises that already four out of five of the Board's customers are small firms and that the bulk of the Board's expenditure is devoted to helping them. Available free from British Overseas Trade Board, Room 235, 1 Victoria Street, London SW1H 0ET.

Welsh Development Agency. Report and Accounts 1983-84 (see p 321). Available free from the WDA at Pearl House, Greyfriars Road, Cardiff CF1 3XX.

Highlands and Islands Development Board. Eighteenth Annual Report, 1983. Available free from the HIDB at Bridge House, Bank Street, Inverness IV1 1QR. ISBN 0 902347 78 0.

British Steel Corporation. Annual Report and Accounts 1983-84. British Steel Corporation, 9 Albert Embankment, London SE1 7SN. £2. ISBN 0 901894 60 5.

English Tourist Board, 1983-84 Annual Report. British tourism in England increased by £700 million during the year to a record £4,300 million, a growth of 19 per cent. Overseas tourists spent an extra £450 million (15 per cent higher) taking their total spending to £3,300 million, another record. Available from the ETB at 4 Grosvenor Gardens, London SW1W 0DU. £5.

Scottish Tourist Board. Fifteenth Annual Report, 1983-84. Record tourism receipts amounted to £897 million, an 18 per cent increase on the previous year's takings. Some £243 million of this was in foreign currency. Available from the STB at 23 Ravelston Terrace, Edinburgh EH4 3EU. £3.

Wales Tourist Board Annual Report, for the year ending 31 March 1984. Tourism earned £510 million, an increase of 7·5 per cent on the previous year. Overseas tourists contributed £60 million of this, 20 per cent more than last year. Available from the WTB at Brunel House, 2 Fitzalan Road, Cardiff CF2 1UY. £3.

Agriculture in Scotland. Annual report for 1983 of the Department of Agriculture and Fisheries for Scotland. Cmnd 9230. HMSO, £5·45. ISBN 0 10 192300 7.

Digest of United Kingdom Energy Statistics 1984. Department of Energy. HMSO, £11·95. ISBN 0 11 411383 1.

Energy Research, Development and Demonstration in the United Kingdom. Ninth Report from the House of Commons Energy Committee, Session 1983-84. Vol 1. Report and Appendices to the Report, together with Minutes of Proceedings relating to the Report. HMSO, £7·65. ISBN 0 10 008404 4.

The Electricity Council. Annual Report 1983-84. Available free from the Electricity Council, 30 Millbank, London SW1P 4RD. ISBN 0 85188 095 9. For further information see *The Electricity Council. Statement of Accounts and Statistics 1983-84*. The Electricity Council. HMSO, £2·35. ISBN 0 85188 094 0.

Central Electricity Generating Board. Report and Accounts for the Year ended 31 March 1984. Department of Information and Public Affairs, CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU. £2. ISBN 0 902543 75 X. Detailed statistics are given in *CEGB Statistical Yearbook 1983-84*. Available free from the CEGB. ISBN 0 902543 76 8.

Buses (see p 313). Cmnd 9300. HMSO, £5·85. ISBN 0 10 193000 3.

British Airports Authority. Annual Report and Accounts 1983-84. Available free from the BAA, Gatwick Airport, Gatwick, West Sussex RH6 0HZ. ISBN 0 903460 27 0.

Airline Competition Policy (see p 315). Final report July 1984. Civil Aviation Authority Paper CAP 500. Available from the CAA, PO Box 41, Cheltenham, Gloucestershire. £3·90. ISBN 0 86039 219 8.

Government Response to the ITAP Report on 'Making a Business of Information' (see p 310). Department of Trade and Industry. HMSO, £1·75. ISBN 0 11 513757 2.

Agricultural and Environmental Research. Fourth Report from the House of Lords Select Committee on Science, Session 1983-84.

Vol 1. Report. HMSO, £3·60. ISBN 0 10 495984 3.

Vol 2. Evidence. HMSO, £10·65. ISBN 0 10 495584 8.

Remote Sensing and Digital Mapping (see p 322). The Government's Reply to the First Report from the House of Lords Select Committee on Science and Technology. Cmnd 9320. HMSO, £2·70. ISBN 0 10 193200 6.

Air Pollution. Twenty-second Report of the House of Lords Select Committee on the European Communities. HMSO, £9·90. ISBN 0 10 426584 1.

Social and Cultural Affairs

The Metropolitan Police. COI, No 9/84.

Report of Her Majesty's Chief Inspector of Constabulary for the year 1983. Records a slowing in the increase of recorded crime between 1982 and 1983. HMSO, £6·40. ISBN 0 10 252884 5.

Her Majesty's Chief Inspector of Constabulary for Scotland: Report for the Year ended 31 December 1983. Cmnd 9276. HMSO, £5·20. ISBN 0 10 192760 6.

Report on the Work of the Prison Department 1983. Cmnd 9306. HMSO, £7·60. ISBN 0 10 193060 7.

Tougher Regimes in Detention Centres. A Home Office report of an evaluation by the Young Offender Psychology Unit. HMSO, £6·50. ISBN 0 11 340796 3.

Report of the Committee of Inquiry into Human Fertilisation and Embryology under the chairmanship of Dame Mary Warnock DBE (see p 323). Cmnd 9314. HMSO, £6·40. ISBN 0 10 193140 9.

Diet and Cardiovascular Disease. A report of the Committee on Medical Aspects of Food Policy. Examining the relationship between diet and cardiovascular disease, the report says that heart disease could probably be reduced if people adjusted their diet and ate less fat, less salt and no more sugar than at present. Cardiovascular disease causes 40 per cent of deaths in men and 38 per cent of deaths in women in Britain, greatly exceeding those due to any other group of diseases. HMSO, £3·25. ISBN 0 11 320859 6.

Health Service Commissioner: Annual Report for 1983-84. At the end of his term of office Sir Cecil Clothier comments on the role of the Health Service Ombudsman since the post was created in 1973 and makes proposals for widening its jurisdiction. He records that remedies proposed as a result of investigations have without exception been accepted by the health authorities concerned. HMSO, £4·70. ISBN 0 10 253784 4.

Personal Pensions: A Consultative Document (see p 325). Available free from the Department of Health and Social Security, Room 419, Friar's House, 157-168 Blackfriars Road, London SE1 8EV.

Department of Education and Science: Annual Report 1983. HMSO, £5·50. ISBN 0 11 270532 4.

Records of Achievement: A Statement of Policy (see p 333). Available free from Publications Dispatch Centre, Department of Education and Science, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

Council for National Academic Awards: Annual Report 1983. The Council is a self-governing body which has powers under its Royal Charter to award degrees and other qualifications, comparable in standard to those of the universities, to students who complete approved courses of study or research in institutions which do not award their own degrees. Available free from the CNAA, 344-354 Gray's Inn Road, London WC1X 8BP.

Children in Care: Government response to the Second Report from the Social Services Committee Session 1983-84. The Government agrees with the Committee that child care law needs clarification and is setting up a working party to make proposals for clarifying its complexities. It points out that a balance has to be struck between the differing interests of the child, parents, carers and society at large. Cmnd 9298. HMSO, £3·60. ISBN 0 10 192980 3.

Commission for Racial Equality: Annual Report for 1983 (see p 326). Published by the Commission, Elliot House, 10-12 Allington Street, London SW1E 5EH. £1. ISBN 0 907920 47 0.

Historic Buildings Council for Scotland. Report for 1982-83. HMSO, £6·15. ISBN 0 10 253284 2.

A Better Future for the Uplands. Countryside Commission, John Dower House, Crescent Place, Cheltenham, Gloucestershire GL50 3RA. £5. ISBN 0 86170 093 7.

Independent Broadcasting Authority: Annual Report and Accounts 1983-84. Available from HMSO, £2·50. ISBN 0 900485 47 7.

Film Policy (see p 332). Cmnd 9319. HMSO, £3·15. ISBN 0 10 193190 5.

National Film Finance Corporation: Annual Report and Statement of Accounts for the year ended April 1983. HMSO, £3·65. ISBN 0 10 254584 7.

The Public Lending Right Scheme: Annual report to Parliament by the Minister for the Arts as prescribed by the Public Lending Right Act 1979. First report on the scheme under which payments are made to authors and illustrators in proportion to the number of times their books are borrowed from public libraries. Cmnd 9303. HMSO, £1·30. ISBN 0 10 193030 5.

© *Crown copyright 1984*

Printed in the UK and Published by
HER MAJESTY'S STATIONERY OFFICE
£1.65 net

Annual subscription including indices and postage £21

Dd. 8334291 C10 AUGUST/1984
ISBN 0 11 727222 1 Vol. 14 No. 8
ISSN 0039—6214